(a) Knowledge and skills.

(1) Fundamental Concepts of Economics Related to PFL. The student understands fundamental concepts of economics related to personal financial literacy and the role of ethical decision-making and personal responsibility in financial choices. The student is expected to:

(A) define the economic concepts of scarcity, supply, demand, opportunity cost, free enterprise, profit incentive, appreciation, depreciation, financial integrity, and accountability (G/Civ, E);

(B) understand how scarcity drives market prices by applying supply and demand models (E, S);

(C) evaluate how opportunity cost impacts personal financial choices by comparing the value of the next best alternative, including responsible prioritization of needs over wants (E, S);

(D) describe characteristics of free enterprise, including private property, freedom of choice, profit incentive, competition, limited government, and voluntary exchange, and explain the importance of integrity and accountability in economic interactions (E); and

(E) compare how appreciation and depreciation affect asset values and net worth in the context of long-term financial responsibility and planning (E).

(2) Personal Financial Planning, Goal Setting, and Decision-Making. The student develops a personal framework to guide financial decisions and uses structured critical thinking to evaluate alternatives and discuss decisions. The student is expected to:

(A) define the economic concepts of retirement, financial independence, emergency fund, life expectancy, and problem model (E);

(B) develop one-year, five-year, and ten-year financial, education, career, and personal goals that are specific, measurable, attainable, realistic, and time based (E, S);

(C) create a 10-year personal financial plan with annual benchmarks that integrates education, career, income, saving, investing, major purchases, long-term financial independence goals, and risk management, including a will, financial power of attorney, medical power of attorney, and living will (E, S);

(D) describe a future life in 10 years, including desired career, income, education, housing, transportation, saving, emergency funds, retirement, life expectancy or financial independence funding, personal priorities, and life satisfaction (E, S);

(E) create a structured decision-making problem model, using relevant information with alternatives, potential outcomes, and financial decisions using evidence and reasoning (E, S); and

(F) validate goals and the 10-year personal financial plan as new knowledge, skills, circumstances, and economic conditions are analyzed during the course (E, S).

(3) Careers, Postsecondary Education, and Earning Potential. The student analyzes personal interests, career pathways, labor-market conditions, and postsecondary education options to align career decisions with personal goals and financial plans. The student is expected to:

(A) define the economic concepts of labor market data, global competition, comparative advantage, creative destruction, technical training, and internship (E);

(B) identify personal interests, skills, values, and aptitudes and align them with multiple potential career pathways, including careers that may emerge as technology and the economy change (E, S);

(C) research career pathways using labor-market data, online resources, and artificial intelligence tools to evaluate income growth, employment trends, global competition, comparative advantage, technological change, creative destruction, required skills, and possible employers (E, S);

(D) describe how education, skills, certifications, technical training, internships, and work-based learning influence income opportunities in a competitive free enterprise labor market (E);

(E) evaluate postsecondary pathways, including universities, community colleges, technical programs, certificate programs, military options, and industry credentials (E, S);

(F) calculate the total cost of postsecondary education or training, including tuition, fees, housing, books, instructional materials, transportation, personal expenses, technology, and related costs, then evaluate the return on investment, opportunity costs, risks, and debt obligations associated with postsecondary education and career pathways (E, S);

(G) list funding sources for postsecondary education, including the Free Application for Federal Student Aid (FAFSA) or Texas Application for State Financial Aid (TAFSA), grants, scholarships, work-study, employer-subsidized tuition, internships, student loans, tax credits, and family or personal contributions (E, G/Civ); and

(H) add career, education, training, funding, and deadline information to the five-year and ten-year personal financial plan (E, S).

(4) Consumer Economics and Financial Decision-Making. The student understands how habits, personal responsibility, consumerism, emotional responses, and external pressures affect personal financial decisions and demonstrates the ability to apply strategies for responsible, ethical, and informed financial decision-making in a digital age. The student is expected to:

(A) define the economic concepts of consumerism, delayed gratification, marketing strategies, true and sunk costs, risk, simple and compound interest rates, and costs (E, G/Civ);

(B) interpret how consumerism behaviors can lead to unfavorable financial outcomes and identify strategies, including self-discipline and delayed gratification, to avoid common errors in financial judgment (E, S);

(C) explain how consumerism and marketing strategies, including social media influencers, algorithm-driven recommendations, financial technology platforms, and traditional advertising, influence spending behavior and financial decision-making (Geo/C, E, S);

(D) evaluate the credibility and bias of financial information sources by analyzing author, audience, and purpose while considering honesty and integrity in evaluating information (Geo/C, E, S);

(E) apply structured financial decision-making frameworks, including cost-benefit analysis and opportunity cost evaluation, to make evidence-based financial decisions and demonstrate accountability for outcomes (E, S);

(F) evaluate the true and sunk cost and risks of high-interest credit services by calculating interest costs and analyzing the consequences of missed or late payments (E, S); and

(G) examine how generational family financial behaviors influence money patterns, goals, personal responsibility, and decision-making (Geo/C, E, S).

(5) Earning Income. The student understands sources of income and factors that affect earning potential, compensation, postsecondary pathways, and income-related responsibilities. The student is expected to:

(A) define the economic concepts of contract income, royalty income, commission income, interest income, dividends, employment forms, FASFA/TASFA, trade-offs, and gross and net pay (E, G/Civ);

(B) identify sources of income, including wages, salaries, tips, contract income, rental income, royalty income, bonuses, commission income, interest income, dividends, and profits (E);

(C) research employment forms of the IRS, including W-2, W-4, W-9, 1099, and 1040 (E, G/Civ);

(D) analyze how personal interests, skills, and goals align with potential careers by examining income potential, geographic patterns, workforce demand, and economic conditions (Geo/C, E, S);

(E) evaluate the return on investment of postsecondary education, training, or credentialing pathways, including total cost, earning potential, time commitment, and opportunity costs (E, S);

(F) analyze postsecondary financing options, including scholarships, grants, work-study programs, and student loans (E, S);

(G) explain the purpose of financial aid applications, such as the FAFSA or TASFA, and identify factors that may affect eligibility for federal, state, institutional, and private financial aid (G/Civ, E, S);

(H) assess the financial trade-offs of contract employment, independent contracting, and freelance work, including income variability, taxes, insurance, and benefits (E, S);

(I) evaluate total compensation by comparing wages and employee benefits, including employer contributions to health insurance, retirement plans, and paid leave (E, S);

(J) differentiate between gross pay and net pay by explaining how taxes, deductions, and withholdings affect take-home earnings using sample pay stubs (E, S); and

(K) complete a simulated tax scenario by applying knowledge of filing status, income sources, deductions, credits, tax withholding, and estimated tax (E, S).

(6) Budgeting: Spending and Planning. The student understands that financial decision-making impacts budgets and helps achieve financial goals by allocating income to spending, saving, giving, and other financial priorities while reflecting responsible stewardship and intentional use of resources. The student is expected to:

(A) define the economic concepts of fixed and variable expenses, savings, total income, financial records, accountability, giving, tax benefits, purchasing power, historical data, economic indicators, and the 50-30-20 rule of budgeting (E);

(B) develop a balanced budget that accounts for income, fixed and variable expenses, and savings as a proportion of total income using digital or manual tools (E, S);

(C) design a system for tracking income, expenses, and financial records to support accountability and careful oversight (E, S);

(D) model a purposeful giving plan, including 10-10-80, that considers time, talents, and monetary donations while evaluating budget impact, recordkeeping, and potential tax benefits (G/Civ, E, S);

(E) calculate and compare the costs of utilities and insurance, benefits, and long-term affordability of renting versus buying a home by analyzing total cost, contract terms, and mortgage options (E, S);

(F) compare the cost of living in different geographic locations in Texas and the United States by considering housing, multiple forms of taxation, transportation, health care, and income (Geo/C, E, S);

(G) calculate and compare the costs and benefits of purchasing versus leasing different types of vehicles by analyzing lease agreements, purchase contracts, loan payments, insurance requirements, depreciation, and total cost of ownership (E, S);

(H) compare financial exchange options, including cash, checks, debit cards, credit cards, electronic bank transfers, peer-to-peer payment platforms, and digital wallets, by evaluating costs, benefits, security risks, and consumer protections (E, S);

(I) analyze how inflation impacts purchasing power, savings, and budgeting using historical data and economic indicators (E, S);

(J) create a monthly and annual household budget based on the 50-30-20 rule of budgeting (E, S); and

(K) identify assets and liabilities and construct a personal net worth statement to measure financial health and demonstrate prudent stewardship of resources (E, S).

(7) Saving and Investing. The student understands that saving and investing are essential components of building wealth, financial security, and long-term independence, including principles of ethical stewardship, personal responsibility, and respect for individual liberty. The student is expected to:

(A) define the economic concepts of liquidity, deposit insurance protections, small and large cap stocks, corporate and government bonds, mutual funds, exchange-traded funds, index funds, traditional IRA, Roth IRAs, 401(k) plans, 403(b) plans, pension plans, Social Security, employer matching programs in long-term retirement planning, simple, compound interest and apply the Rule of 72, savings growth, investment growth, borrowing costs, FDIC, NCUA, SEC, CFPB, qualified financial professional, fiduciary duty, and investment profiles (E, G/Civ);

(B) compare the features, benefits, and limitations of various savings options by evaluating interest rates, liquidity, fees, and deposit insurance protections (E, S);

(C) compare investment options, including small-cap and large-cap stocks, corporate and government bonds, mutual funds, exchange-traded funds, and index funds, by analyzing risk, return, fees, and historical performance (E, S);

(D) compare retirement savings options, including traditional and Roth IRAs, 401(k) plans, 403(b) plans, and pension plans, and explain the role of Social Security and employer matching programs in long-term retirement planning (G/Civ, E);

(E) calculate simple and compound interest and apply the Rule of 72 to estimate savings growth, investment growth, and borrowing costs (E, S);

(F) define personal risk tolerance and determine a hypothetical investment strategy based on time horizon, market conditions, and financial goals (E, S);

(G) explain how regulation of financial institutions, including the FDIC, NCUA, SEC, and CFPB, contributes to financial security and consumer protection (G/Civ, E);

(H) evaluate when to use a qualified financial professional versus managing investments independently by comparing knowledge, fees, fiduciary duty, professional credentials, and investment options (E, S);

(I) analyze the characteristics, risks, regulatory landscape, and role of cryptocurrency and digital assets in the broader financial ecosystem (E, S);

(J) appraise responsible use of financial technology through automated investment platforms, including robot-advisors and micro-investing apps, by analyzing fee structures, investment strategies, algorithmic limitations, and suitability for different investor profiles (E, S);

(K) distinguish how automatic enrollment and opt-in versus opt-out retirement and savings plan designs affect participation rates and long-term wealth building (E, S); and

(L) create an investment plan using stocks, bonds, mutual funds, or other types of financial instruments that builds a diversified portfolio that has a reporting period of two to four weeks (E).

(8) Credit and Debt. The student understands the costs and benefits of borrowing and lending and how they impact financial health, including principles of ethical stewardship, personal responsibility, and wise financial decision-making. The student is expected to:

(A) define the economic concepts of revolving credit, collateralized loans, collateral, creditworthiness, predatory lending, fixed versus variable interest rates, length of term, snowball and avalanche methods, truth-in-lending disclosures and repayment capacity (E, G/Civ);

(B) compare types of credit, including revolving credit, installment credit, collateralized loans, and unsecured credit, by evaluating interest rates, fees, repayment terms, and the role of collateral and how these factors affect responsible credit use (E, S);

(C) identify factors in credit reports, including potential errors that impact credit scores, and analyze behaviors that can improve or harm creditworthiness over time, including accountability and consistent financial habits (E, S);

(D) develop a plan to build or maintain creditworthiness (E, S);

(E) analyze sources of credit, including banks, credit unions, online lenders, peer-to-peer lenders, and retail financing, and explain how creditworthiness factors influence access to different types of credit (E, S);

(F) analyze the components of the cost of borrowing, including annual percentage rate, fixed versus variable interest rates, length of term, grace period, and additional fees (E, S);

(G) evaluate high-cost and predatory lending practices, including payday loans, auto title loans, pawn shop loans, rent-to-own agreements, high-interest installment loans, and deceptive lending terms, and compare their total cost to traditional credit options (E, S);

(H) evaluate and apply debt management strategies, including snowball and avalanche methods, to address student loans, credit cards, and consumer debt (E, S); and

(I) evaluate truth-in-lending disclosures to determine borrowing costs, borrower rights and responsibilities, and whether repayment terms align with financial goals and repayment capacity (E, S).

(9) Risk Management and Insurance. The student understands that managing risk through saving, insurance, fraud prevention, and legal protections helps safeguard against potential loss and ensure long-term financial well-being. The student is expected to:

(A) define economic concepts of insurance terms, including premium, deductible, copayment, coinsurance, out-of-pocket maximum, and policy limits, deductibles, replacement costs, and coinsurance (E);

(B) explain how geographic factors influence insurance needs and costs, including flood, fire, wind, and hail coverage (Geo/C, E);

(C) analyze how personal risk factors and coverage choices affect insurance premiums, including coverage amounts, deductibles, replacement costs, and policy limits (E, S);

(D) classify insurance coverage options, including health, auto, renters or homeowners, life, and disability insurance, by comparing coverage, costs, suitability, and financial impact across different life scenarios (E, S);

(E) evaluate health insurance options, including premiums, deductibles, copayments, coinsurance, out-of-pocket maximums, health savings accounts, and flexible spending accounts, by comparing costs, tax advantages, and out-of-pocket risk (E, S);

(F) explain the role of government programs, including unemployment insurance, disability insurance, Medicaid, and Medicare, in managing financial risk across the lifespan (G/Civ, E);

(G) identify and respond to financial fraud, including investment scams, Ponzi schemes, identity theft, and consumer fraud, by using reporting procedures and consumer protection agencies or resources (G/Civ, E, S);

(H) explain the importance of estate planning, including wills, beneficiaries, powers of attorney, and advance directives (G/Civ, E); and

(I) explain how an emergency savings fund works together with insurance as part of ensuring long-term financial well-being (E).

(10) Entrepreneurship and Personal Financial Opportunity. The student understands that entrepreneurship in a free enterprise system rooted in individual initiative and economic liberty can provide opportunities for individuals to create value, assume risk, earn profit, build personal financial stability, and contribute to economic growth through responsible and ethical financial decision-making. The student is expected to:

(A) define value, financial risk, profit, innovation, entrepreneurship, profit distribution, capitalist, free enterprise, and innovation (E);

(B) analyze how entrepreneurs create value, assume financial risk, earn profit, and build wealth through individual initiative, innovation, and responsible management of resources (E, S);

(C) evaluate how entrepreneurship, self-employment, and multiple income streams can support personal financial stability, resilience, and long-term financial goals (E, S);

(D) compare entrepreneurial ownership structures by analyzing how ownership, liability, taxation, and profit distribution can affect personal financial risk and income potential (G/Civ, E, S);

(E) examine how entrepreneurs respond to supply-and-demand trends and unmet needs in the marketplace through innovation, problem solving, and responsible service to consumers (E, S);

(F) analyze how entrepreneurs respond to supply-and-demand trends and evaluate how entrepreneurship in a capitalist, free enterprise system contributes to personal financial opportunity, job creation, innovation, and economic growth (E, S); and

(G) create a business plan for a hypothetical product or service operation that includes the necessary budgetary, accounting, financing, organizational labor charting, marketing, and sales (E).