(c) Introduction.

(1) Applied Personal Financial Literacy (PFL) will develop citizens who have the knowledge and skills to make sound, informed financial decisions and practice personal financial responsibility for sustainable financial growth. The knowledge and skills gained in this course have far-reaching effects on individuals, families, communities, and a free enterprise economy. Financially literate citizens are better prepared to earn and manage income, save and invest, build wealth, pursue entrepreneurship, make responsible consumer decisions, and plan for the future with greater financial independence. These individual decisions strengthen the free enterprise system through responsible use of resources, voluntary exchange, and creation of opportunity and wealth.

(3) Student expectations are organized around key topics, identified as knowledge and skills statements. Student expectations are not intended to be taught as stand-alone concepts but should be integrated as building blocks within the context of each key topic, where real-world financial decision-making is applied throughout each set of knowledge and skills statements, student expectations, and a selected career pathway.

(d) Knowledge and Skills.

(1) Fundamental Concepts of Economics Related to PFL. The student understands how foundational economic principles, ethical decision making, and personal responsibility are essential to personal financial literacy. The student is expected to:

(A) identify that individuals have personal responsibility including financial integrity and accountability for their financial choices and the management of personal finances (E);

(B) explain Thomas Sowell's principle that scarcity requires individuals to make trade-offs when allocating resources including time and money (E, S);

(C) explain how Adam Smith's concept of the invisible hand illustrates how free enterprise provides opportunities to earn income, own property, save and invest, and build wealth through voluntary exchange (E); and

(D) contrast free enterprise with socialist and communist economic systems, including the concept of socialism as a transitional stage toward communism in Marxist theory, and explain how differences in economic freedom and individual financial decision-making affect private property, freedom of choice, voluntary exchange, and wealth building (E, G/Civ).

(2) Careers, Postsecondary Education, and Earning Potential. The student applies 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) identify aptitudes, personal interests, skills, values, and personality traits that align potential career pathways, using labor-market data, to analyze supply and demand, income potential employment trends, comparative advantage, and required skills, and identify industries and employers (E, S);

(B) identify employment readiness practices, including résumé preparation, interviewing, and professional appearance for a selected career pathway (E);

(C) identify trade-offs of funding sources for postsecondary education, grants, scholarships, work-study, employer-subsidized tuition, student loans, tax credits, education savings accounts, and cash (E, G/Civ);

(D) compare postsecondary education and training pathways, by calculating total costs and analyzing potential debt obligations, expected income, employment outlook, and financial trade-offs to determine potential return on investment (E, S); (E) complete a-Free Application for Federal Student Aid (FAFSA), Texas Application for State Financial Aid (TAFSA), or financial aid opt-out form and identify when a student may independently complete and submit the forms (E, S);

(E) identify the GI Bill and Texas Hazlewood Act as programs that can help eligible veterans and their dependents pay for postsecondary education and training (G/Civ, E);

(F) explain how creative destruction shapes career opportunities and identify how artificial intelligence (AI) is changing the labor market (E).

(3) Personal Financial Planning, Goal Setting, and Decision-Making. The student understands how to apply financial planning, goal setting, and wealth building across the timeline of life to achieve personal goals, financial independence, and a desired future. The student is expected to:

(A) describe how completing education, obtaining full-time employment, and delaying marriage and children until adulthood can support financial stability and long-term wealth building (E);

(B) explain how saving and investing, delayed gratification, spending decisions, and opportunity costs with other trade-offs can contribute to building wealth and achieving personal goals (E);

(C) estimate the length of retirement using the Social Security actuarial life expectancy data and identify factors, including family longevity and financial needs, that may affect retirement planning G/Civ, E, S);

(D) explain how a financial growth mindset that recognizes money as a tool supports financial literacy by encouraging individuals to learn from financial decisions, adapt to challenges, and develop practices that support long-term financial goals (E);

(E) describe how families can establish shared financial goals and teach children responsible practices related to earning, saving and investing, spending, and giving for wealth building and achieving personal goals (E, S); and

(F) create a vision for a desired future and develop specific, measurable, attainable, realistic, and time based (SMART) financial goals including target amounts, timelines, and actions for building wealth needed to achieve long-term financial independence goals (E, S).

(4) Consumer Economics and Financial Decision-Making. The student understands how personal financial literacy practices, 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) distinguish between needs and wants and explain how marketing influences consumer perceptions of needs and wants (E, S);

(B) explain how marketing strategies, including social media influencers, algorithms, financial technology platforms, buy now pay later services, and traditional advertising influence purchasing decisions (Geo/C, E);

(C) analyze how repeated marketing exposure, including the seven-touch contact principle of marketing affects purchasing decisions (Geo/C, E, S); and

(D) develop a plan for responsible spending that reflects personal responsibility, identifies consumer protections, ways to reduce the influence of marketing on purchasing decisions, and supports progress toward financial goals and long-term financial well-being (E, S).

(5) Earning Income. The student understands how financial inputs, taxes, and income earning pathways contribute to building wealth and achieving financial goals. The student is expected to:

(A) compare traditional forms of employment and contract work, including income variability and sources, taxes, insurance, benefits and risk (E, S);

(B) explain how time is a trade-off in earning income, including paid work and unpaid time required for contract and independent work (E);

(C) determine the total value of employment compensation including wages, employer contributions to health insurance, retirement plans, paid leave, and other benefits for a selected career pathway (E, S);

(D) identify sources of earned income, including wages, salaries, tips, bonuses, commissions, and contract income (E);

(E) describe how interest, dividends, and royalties can provide regular cash flow from investments (E);

(F) identify business income as profits earned through entrepreneurship (E); and

(G) complete a simulated tax scenario using federal and potential state income tax forms including W-2, W-4, and 1099 to calculate taxable income deductions, credits, withholding, and estimated tax to demonstrate financial accountability (E, S).

(6) Budgeting: Spending and Planning. The student understands how responsible spending, payment choices, and emergency savings provide a foundation for responsible financial decisions and effective household budgeting. The student is expected to:

(A) distinguish between needs, including housing, utilities, food, transportation, insurance, and communication, and wants, including dining out, entertainment, vacations, subscriptions, and other nonessential purchases when developing a budget (E, S);

(B) explain the importance of living below one's means to avoid living paycheck-to-paycheck by controlling expenses and consistently allocating income toward an emergency fund, saving and investing, and debt repayment, to reach long-term financial goals (E);

(C) describe how budgeting supports saving and investing and increases the time available for compound growth and long-term wealth accumulation (E);

(D) compare types of digital payment methods and identify the importance of cash in a free enterprise voluntary exchange system (E, S);

(E) explain how the ease and convenience of digital payment methods can contribute to spending leaks through frequent, small, or unplanned purchases that reduce the ability to save and build wealth (E);

(F) identify the role of the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) in protecting deposits at insured financial institutions but not against financial risk (E, G/Civ);

(G) create a timeline prioritizing establishing a basic emergency fund, paying off high interest consumer debt before building a fully funded three to six-month financial safety net (E, S); and

(H) describe the importance of keeping emergency savings fund liquid and readily accessible, by establishing simple savings or money market accounts and replacing funds after they are used (E).

(7) Budgeting: Spending and Planning. The student understands how foundational budgeting principles apply to major household expenses and other financial outputs, economic conditions, financial protections, and personal values to support responsible household financial planning, budgeting, and long-term financial well-being. The student is expected to:

(A) describe how individuals demonstrate financial responsibility by creating and following a budget that allocates net income among needs and wants, saving and investing, giving, and debt repayment based on financial goals and available resources (E);

(B) identify how to obtain mortgages through various types of lenders (E, S);

(C) explain the process of obtaining a rental property or mortgage including applications, references, credit checks and creditworthiness, contracts and approval (E, S);

(D) compare financial trade-offs of renting property versus owning a home, including down payments and deposits, interest rates, moving costs, maintenance, and the potential for a home to appreciate, and build equity and wealth (E, S);

(E) explain the importance of limiting housing costs to approximately 25 percent of net income to preserve the ability to meet other needs, save and invest, and achieve financial goals (E);

(F) compare transportation options, including purchasing or leasing a vehicle, public transportation, ridesharing, and other alternatives, based on total cost and financial tradeoffs (E, S);

(G) explain how high vehicle payments and financing costs for a depreciating asset can limit the ability to save and invest, and identify that vehicle related expenses should be less than 15% of net income (E);

(H) explain how inflation, progressive and regressive taxes, supply and demand, geographic locations, and interest rates affect household budgets (Geo/C, G, Civ, E, S);

(I) identify that taxation and spending decisions are made by Congress and other levels of government and that interest rate decisions are influenced by the Federal Reserve, and explain how these decisions affect household budgets and the importance of understanding their effects as an informed citizen (G/Civ, E);

(J) describe the trade-offs in the monthly policy premium for having health, auto, renters or homeowners, and life insurance, including the cost of the premiums versus the protection for individuals from significant financial loss and unexpected expenses (E. S);

(K) explain the importance of estate planning, including wills, beneficiaries, powers of attorney, and health directives after age 18 in protecting assets, directing financial decisions, and carrying out personal wishes during incapacity or after death (G/Civ, E);

(L) describe how personal values may influence budgeting (E, G/Civ);

(M) develop a purposeful giving plan, that considers time, talents, and monetary donations based on personal values including biblical principles of stewardship, generosity, and tithing (G/Civ, E, S); and

(N) create a sample monthly and annual household budget that allocates financial inputs and outputs including net income, expenses, saving and investing, giving, and debt repayment based on the 50-30-20 rule of budgeting (E, S).

(8) Credit and Debt. The student understands how credit and debt can be used as financial tools and how debt decisions affect financial opportunities, personal responsibility, and long-term wealth building. The student is expected to:

(A) describe how credit functions as a financial tool that allows individuals to borrow money, access opportunities, and leverage future income while creating a liability that requires repayment and personal responsibility (E);

(B) identify the trade-offs of obtaining credit from different sources, including banks, credit unions, online lenders, peer-to-peer lenders, and retail financing (E, S);

(C) compare types of credit, including credit cards, financial technology, and student loans based on repayment terms, costs, and risks of default (E, S);

(D) compare the trade-offs of acquiring debt to make a purchase versus paying with cash, including interest costs, opportunity cost, and the effect on future financial goals (E, S);

(E) explain how annual percentage rate, fixed versus variable interest rates, length of term, grace period, and fees affect the total cost of debt (E);

(F) identify factors that affect creditworthiness over time, including debt to income ratio, payment history, and income (E);

(G) interpret a sample credit report and describe actions to obtain a credit report and correct potential errors (E, S);

(H) compare high-cost and predatory lending practices with lower-cost debt options based on interest and other fees, repayment terms, and financial risk and identify why predatory credit should be avoided (E, S);

(I) compare debt management strategies, including snowball and avalanche methods, to address student loans, credit cards, and consumer debt and develop a plan to reduce debt and maintain strong credit (E, S); and

(J) describe the financial consequences of excessive debt, including default, collection actions, repossession, foreclosure, and bankruptcy, and identify how excessive debt can limit financial opportunities and building long term wealth creation (G/Civ, E).

(9) Saving and Investing. The student understands how to begin saving and investing and the importance of personal responsibility in achieving phased financial goals, building financial security, and creating long-term wealth. The student is expected to:

(A) explain how paying yourself first through consistent saving and investing practices before discretionary spending supports long-term financial goals and wealth building (E);

(B) explain the difference between saving for short-term needs and financial security and investing to build long-term wealth through risk and return (E, S);

(C) identify methods for beginning a saving and investment plan, including accounts at financial institutions, finance management companies, and fin-tech apps (E);

(D) identify strategies for making consistent contributions, including automatic deposits and payroll deductions (E);

(E) identify strategies for building long term wealth, including saving and investing at least 20 percent of net income, maximizing employer match contributions, seeking financial guidance, and using tax advantaged retirement accounts, that support long term goal setting (E, S);

(F) explain how stocks, bonds, mutual funds, exchange traded funds (ETF's), and other financially traded instruments provide common ways to begin investing and how ETF's and mutual funds can reduce risk through diversification (E);

(G) select sample ETF's, mutual funds, stocks or bonds based on financial data and past performance using financial market research tools to compare risk and return, and track selected sample group of financially traded instruments over a period of time to determine when to buy, hold, or sell (E, S);

(H) identify the role of the Securities and Exchange Commission (SEC) in regulating securities markets and protecting investors from fraud and misconduct but not against financial risk (E, G/Civ);

(I) identify tax-advantaged saving and investing strategies used to generate income in retirement, including traditional and Roth retirement plans and Health Savings Accounts (HSAs), and explain how tax-free growth can maximize long-term wealth accumulation (E);

(J) explain how starting early, investing consistently, remaining invested through market fluctuation, compound growth and the Rule of 72 contribute to long term wealth accumulation (E, S); and

(K) describe how age, time horizon, market conditions, and financial goals influence investment decisions and identify personal risk tolerance (E, S).

(10) Advanced Saving and Investing. The student understands financial opportunities for asset diversification and long-term wealth building after establishing a foundation of early saving and investing. The student is expected to:

(A) explain how, over time, as wealth accumulates, individuals gain greater opportunities to diversify investments, increase potential returns, and build long-term wealth (E);

(B) describe an asset as something of financial value that is owned and a liability as a financial obligation that is owed, and distinguish between assets that can increase in value, decrease in value, or produce income (E);

(C) describe how spreading investments across different types of asset classes can reduce risk, mitigate taxation, and support long-term wealth building (E);

(D) compare ways to manage investments, including self-directed investing, automated investment platforms, self-directed custodians, and financial professionals, based on types of fees and investor control (E, S);

(E) identify factors when selecting investment services, including fiduciary duty, professional credentials, reputation and performance history (E);

(F) identify methods of investing in different types of real estate, including direct ownership and pooled real estate investments, based on initial investment, tax mitigation, income potential, and risk (E);

(G) describe how individuals invest capital in businesses owned by others through private investment or partnerships and identify the potential risks and returns (E);

(H) explain how withdrawal rates are used as a guideline for estimating sustainable withdrawals from retirement investments and calculate the approximate portfolio needed to support a desired level of annual retirement income using manual or digital tools (E);

(I) describe how eligible individuals can use the Social Security Administration website to estimate future retirement benefits from the federal Social Security program (E, G/Civ. S); and

(J) create a ten-year personal financial plan with annual benchmarks that integrate long-term financial independence goals, career, income, saving and investing, major purchases, and risk management strategies (E, S).

(11) 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) identify how acquired skills and knowledge can create opportunities for innovation through entrepreneurship by using supply and demand to recognize consumer needs and market opportunities for potential products or services (E);

(B) explain how principles of personal financial responsibility are necessary to manage scarce resources, control expenses, plan for risk, and operate a successful business (E);

(C) describe how entrepreneurs use individual initiative, individual innovation, private property and factors of production to respond to supply and demand, solve market problems, create value, assume financial risk, earn profit, and build wealth in a free enterprise system (E, G/ Civ);

(D) identify that most businesses in Texas are small businesses operated by entrepreneurs and describe how entrepreneurs build wealth by creating jobs, owning private property, and contributing to community prosperity (E, G/Civ, S);

(E) identify common federal tax forms used by businesses, including Form W-9 and Form 1099-NEC (G/Civ, E);

(F) identify the Limited Liability Company (LLC) as a common business structure for entrepreneurs because it provides limited personal liability, flexible management, and tax flexibility (E, G/Civ);

(G) explain the importance of seeking the advice of a lawyer and accountant when making business decisions as an entrepreneur (E, G/ Civ ); and

(H) explain how business ownership and multiple income streams through entrepreneurship support personal financial stability, build long-term wealth, and provide opportunities for charitable giving and investment in communities (E, S).