Member Francis Proposed Personal Financial Literacy Courses

(d) Knowledge and skills.

(1) Fundamental Concepts of Economics Related to PFL. The student understands fundamental concepts of economics related to personal financial literacy. The student is expected to:

(A) analyze ~~explain~~ how scarcity drives market prices and forces trade-offs in everyday financial decisions, including gasoline, groceries, and home energy sources, by applying supply and demand models to explain equilibrium prices and evaluating the value of alternatives not chosen (E);

~~(B) explain supply and demand relationships, including supply curves, demand curves, and market equilibrium(E);~~

(B) ~~(C)~~ analyze ~~explain~~ how opportunity costs impact financial choices, including evaluating the value of the next best alternative in decisions between purchasing new or used vehicles and attending college or immediately entering the workforce (E); and

~~(D) describe characteristics of free enterprise, including private property, freedom of choice, profit incentive, competition, limited government, and voluntary exchange (E);~~

(C) ~~(E)~~ compare ~~describe~~ how appreciation and depreciation affect asset values and net worth, including residential housing, commercial properties, motor vehicles, currency, and stocks (E). ~~; and~~

~~(F) explain how historical or religious texts have influenced American financial systems (H, E).~~

(2) Consumer Economics and Financial Decision-Making. The student understands how cognitive biases, emotional responses, cultural influences, and external pressures affect personal financial decisions and demonstrates the ability to apply strategies for rational, informed financial decision-making in a digital age. The student is expected to:

(A) analyze how common cognitive biases such as loss aversion, anchoring, and overconfidence lead to poor financial choices, and identify strategies to counteract them (E, S);

(B) analyze how marketing strategies, including social media influencers, algorithm-driven recommendations, fintech platforms, and traditional advertising, shape financial decisions by evaluating the credibility, bias, author, audience, and purpose of financial information sources to distinguish evidence-based guidance from promotion (Geo/C, E, S);

(C) develop and apply structured financial decision-making frameworks, such as cost-benefit analysis and opportunity cost evaluation, combined with strategies to reduce cognitive bias and external influence, to make sound evidence-based financial decisions (E, S); and

(D) evaluate the true cost and risks of Buy Now, Pay Later services, including calculating effective interest rates, analyzing missed payment consequences on credit, and comparing costs to traditional credit options (E).

(3) ~~(2)~~ Earning Income. The student understands that income is earned through the exchange of work and services. The student is expected to:

(A) explain ~~identify~~ sources of income, including wages, salaries, rental income, bonuses, interest, dividends, and profits (E);

(B) analyze total compensation by calculating how federal, state, and local taxes reduce disposable income and by quantifying the value of employee benefits, including employer contributions to health insurance, retirement matching, and paid leave, to compare compensation packages across job offers ~~describe how federal, state, and local taxes reduce disposable income~~ (E, S);

~~*(C) explain how employee benefits, including health insurance, retirement plans, and paid leave, are a form of compensation (E);*~~ *Merged to 3B*

(C) ~~(D)~~ analyze post-secondary financing options, including the Free Application for Federal Student Aid (FAFSA), scholarships, grants, work-study programs, and student loans, evaluate the costs, benefits, and return on investment of postsecondary education, training, or credentialing pathways, including student loan implications and opportunity costs ~~, describe the role of the Free Application for Federal Student Aid (FAFSA) in securing grants, scholarships, and student loans~~ (E);

~~(E) explain how having a parent in the military influences FAFSA applications(E);~~

~~*(F) describe the relationship between postsecondary education and future income earnings (E);*~~ *Merged to 3(C)*

~~*(G) evaluate the opportunity costs for postsecondary career pathways (E);*~~ *MERGED into revised (3)(C)*

(D) ~~(H)~~ investigate ~~determine~~ how personal interests and skills align with potential careers that support a desired standard of living based on income potential and labor market data using research practices (E, S);

~~(I) compare earning potential in different labor markets by investigating geographic patterns and economic events (Geo/C, E, S);~~

(E) ~~(J)~~ differentiate between gross, net, and taxable income by calculating each from sample pay stubs and explaining how taxes, deductions, and withholdings reduce gross pay to determine take-home earnings (E, S); ~~and~~

(F) ~~(K)~~ ~~describe~~ characteristics of federal and state tax codes, including required income reporting, the purpose of W-2, W-4, and 1099 forms, tax credits, and tax deductions (G/Civ, E); and~~.~~

(G) prepare a simulated personal tax return using digital tax preparation tools, applying knowledge of filing status, income sources, deductions, and credits (E, S).

(4) ~~(3)~~ Spending and Planning. The student understands that financial decision-making impacts budgets, helping people achieve financial goals by allocating income to spending and savings accounts. The student is expected to:

(A) develop short-term, medium-term, and long-term financial goals that are specific, measurable, attainable, realistic, and time based, including establishing an emergency fund (E);

(B) design ~~develop~~ a balanced budget that accounts for income, fixed and variable expenses, and savings using budgeting tools, including spreadsheets, digital apps, or digital platforms that incorporate current economic data (E, S);

(C) design and maintain a personal financial record-keeping system using digital tools, including tracking income and expenses, organizing tax documents, and reconciling bank statements ~~describe the importance of tracking income and expenses to maintain financial records~~ (E, S);

(D) analyze ~~compare~~ a variety of financial exchange options, including cash, check, debit cards, credit cards, electronic transfers, peer-to-peer payment platforms, and digital wallets ~~payments~~, by evaluating costs, benefits, security risks, and consumer protections (E);

~~*(E) analyze how short-term financial decisions influence personal budgets and long-term financial goals (E);*~~ *Merged into (4)(A)*

(E) ~~(F)~~ compare the cost of living in different geographic locations ~~while considering social, economic, and political influences~~ by factoring in housing costs, taxes, transportation, and health care based on income and lifestyle (Geo/C, E, S);

(F) ~~(G)~~ define inflation and analyze how it impacts purchasing power, savings value, and budgeting, including price fluctuations on durable goods, nondurable goods, and groceries, using historical data and economic indicators ~~describe the role of inflation on an economy, including price fluctuations on durable goods, nondurable goods, and groceries~~ (E, S);

(G) ~~(H)~~ conduct pre-purchase research using consumer resources, reviews, and price comparison tools, and apply negotiation strategies to maximize spending power and secure better prices, terms, or financing ~~describe how pre-purchase research is a strategy to maximize spending power~~ (E, S);

~~*(I) analyze how marketing strategies, including social media marketing and traditional forms of advertising, influence financial decisions by considering the audience and purpose of the advertisement (Geo/C, E, S);*~~ *Moved to 2(B)*

(H) ~~(J)~~ ~~compare the opportunity costs~~ analyze the financial implications of renting versus buying a home by examining rental agreements and mortgage contracts, including adjustable-rate and fixed-rate mortgages, calculating a basic mortgage payment, evaluating closing costs, and comparing total cost of ownership over time (E); ~~and~~

(I) ~~(K)~~ ~~compare the opportunity costs of renting versus buying~~ evaluate the financial implications of purchasing versus leasing a motor vehicle by examining lease agreements and purchase contracts, calculating loan payments, analyzing depreciation, and comparing total cost of ownership (E, S); and

(J) identify assets and liabilities and construct a personal net worth statement to measure financial health (E, S).

(5) ~~(4)~~ Savings and Investing. The student understands that saving and investing are essential components of building wealth considering a variety of factors that influence financial growth, security, and long-term independence. The student is expected to:

(A) compare savings options, including bank savings accounts, money market accounts, high-yield savings accounts, education savings plans, and certificates of deposit, by evaluating interest rates, liquidity, and FDIC or NCUA insurance protections (E);

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

(C) compare pre-tax retirement options, including Investment Retirement Accounts and traditional 401(k) plans, 403(b) plans, or pension plans with post-tax retirement options, including Roth Investment Retirement Accounts, or Roth 401Ks, and evaluate the role of employer matching programs in long-term wealth building (E);

(D) explain the role social security plays in federal taxes and retirement benefits (G/Civ, E);

(E) ~~calculate interest using the rule of 72~~ calculate simple and compound interest rates, apply the Rule of 72, and demonstrate how the time value of money affects saving and borrowing decisions (E, S);

~~*(F) explain how compounding interest contributes to financial growth (E);*~~ *MERGED into revised (4)(E)*

(F) ~~(G)~~ ~~evaluate~~ assess personal risk tolerance using validated assessment tools and market conditions, including inflation, market volatility, and interest rates, time horizon, and behavioral biases, to construct an age-appropriate investment strategy (E, S);

(G) ~~(H)~~ explain how the regulation of financial institutions, including the Federal Deposit Insurance Corporation, National Credit Union Administration, Securities and Exchange Commission, and Consumer Financial Protection Bureau contributes to financial security and protects solvency (H, E);

(H) ~~(I)~~ ~~compare health savings accounts and flexible spending accounts~~ evaluate the costs and benefits of health savings accounts paired with high-deductible health plans compared to flexible spending accounts and traditional health insurance, including tax advantages, investment potential, and out-of-pocket risk (E); ~~and~~

(I) ~~(J)~~ ~~compare the opportunity costs of hiring a professional financial planner and independent investment~~ evaluate when and how to select qualified financial professionals, including understanding fee structures, fiduciary duty, and professional credentials, compared to independent investment (E);

(J) analyze the characteristics, risks, regulatory landscape, and role of cryptocurrency and digital assets in the broader financial ecosystem, including tax reporting requirements for digital asset transactions (E);

(K) evaluate automated investment platforms, including robo-advisors and micro-investing apps, by analyzing fee structures, investment strategies, algorithmic limitations, and suitability for different investor profiles (E, S); and

(L) analyze how automatic enrollment and behavioral nudge designs in opt-in versus opt-out retirement and savings plans affect participation rates and long-term wealth building (E).

(6) ~~(5)~~ Credit and Debt. The student understands the costs and benefits of borrowing and lending and how they impact financial health. The student is expected to:

(A) compare credit options, including revolving credit, installment credit, collateralized loans, and unsecured credit, by evaluating interest rates, fees, repayment terms, and the role of collateral in borrowing costs ~~compare revolving credit and installment credit, considering interest rates, fees, and repayment schedules~~ (E);

~~*(B) compare relative interest rates for collateralized loans and unsecured credit (E);*~~ *Merged to (6)(A)*

(B) ~~(C)~~ ~~describe~~ identify the factors in credit reports that impact credit scores, including payment history, penalties, debt-to-income ratio, number of accounts, credit utilization, types of credit, new credit inquiries, and length of credit history, and explain behaviors that can improve or harm creditworthiness over time (E);

(C) ~~(D)~~ analyze sources of credit, including banks, peer-to-peer lenders, payday loans, and title loans, and explain how creditworthiness factors, including collateral, debt-to-income ratio, and payment history, influence access to different types of credit ~~identify sources of credit, including banks, peer-to-peer lenders, payday loans, and title loans~~ (E);

~~*(E) describe how creditworthiness factors, including collateral, debt-to-income ratio, and payment history, impact access to different types of credit (E);*~~ *Merged to New (6)(C)*

(D) examine 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);

(E) obtain, read, and analyze a credit report to identify potential errors, evaluate creditworthiness indicators, and develop a plan to build or maintain strong credit (E, S);

(F) ~~explain how payday loans can create a cycle of debt, including predatory lending and installment plans~~ evaluate predatory lending practices, including payday loans, auto title loans, and rent-to-own agreements, and analyze their true cost compared to traditional credit options (E);

(G) ~~analyze how borrowing decisions can lead to debt problems, including bankruptcy~~ evaluate and apply debt management strategies, including snowball and avalanche methods, using inquiry-based simulations that address student loans, credit cards, and consumer debt (E, S); and

(H) evaluate truth-in-lending disclosures to determine when risk from borrowing is acceptable (E).

(7) ~~(6)~~ 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 wellbeing. The student is expected to:

(A) define insurance terms, including premium, deductible, co-pay, out-of-pocket maximum, and policy limits (E);

(B) explain why disaster-based insurance vary by geographic location for different types of insurance, including flood insurance, fire insurance, wind insurance, and hail insurance (Geo/C, E);

(C) explain how personal risk insurance rates are impacted by risk factors, including personal risk level, coverage amounts, deductibles, and policy limits (E);

(D) classify and evaluate types of insurance, including health, auto, renters or homeowners, life, and disability insurance, by comparing coverage options, costs, and suitability for different life stages (E);

(E) ~~(D)~~ ~~describe how unemployment insurance and disability insurance support long-term financial wellbeing~~ explain the role of government programs, including unemployment insurance, disability insurance, Medicaid, Medicare, and Social Security, in managing financial risk across the lifespan and supporting long-term financial wellbeing (E);

(F) ~~(E)~~ identify and respond to ~~strategies to reduce~~ insurance fraud, consumer fraud, and identity theft by understanding reporting procedures and evaluating consumer protection resources (E);

(G) ~~(F)~~ explain the importance of estate planning, including wills, beneficiaries, powers of attorney, and medical directives (E);

(H) ~~(G)~~ explain the role of consumer protection agencies in fraud prevention (E);~~ and~~

(I) ~~(H)~~ explain how an emergency savings fund works together with insurance as part of ensuring long-term financial wellbeing (E)~~.~~; and

(J) evaluate personal digital financial security practices, including multi-factor authentication, phishing recognition, data privacy, and secure management of financial accounts, and develop a personal digital security plan (E, S).

~~(7) Entrepreneurship and Business Structures. The student understands that entrepreneurship and business structures in a free enterprise system provide opportunities for individuals to create businesses, assume risk, earn profit, and contribute to economic growth. The student is expected to:~~

~~(A) analyze the risks and rewards of starting, owning, and franchising a business by developing a business plan that includes calculating revenue and profit for a business venture (E, S);~~

~~(B) explain how entrepreneurs respond to supply-and-demand trends and unmet needs when starting a new business (E);~~

~~(C) describe taxes related to owning a business, including self-employment tax, income tax, corporate income, payroll tax, excise tax, commercial property tax, franchise tax (E);~~

~~(D) explain how entrepreneurs use job creation and innovation to contribute to economic growth (E);~~

~~(E) compare costs and benefits of gig employment, including taxing and insuring independent contractors and free-lance workers (E); and~~

~~(F) compare the business structures of sole proprietorships, partnerships, limited liability companies, and corporations (E).~~