

| §113.62. Personal Financial Literacy and Economics (One-Half Credit) | | |
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| TEKS with edits | | Work Group Comments/Rationale |
| (a) | <u>General requirements.</u> | |
| (b) | <u>Introduction.</u> | |
| (1) | <u>The economic way of thinking is developed early in the course and serves as a framework for all the personal finance in the rest of the course. Students should be able to demonstrate the ability to apply the economic way of thinking and evaluate opportunity costs to address the evolving financial challenges throughout one's lifetime.</u> | Would like to include the "economic way of thinking." The introduction is incomplete and will be fleshed out at a future meeting. |
| (c) | <u>Knowledge and skills.</u> | |
| (1) | <u>Economics. The student understands the fundamental concepts of economics. The student is expected to:</u> | |
| (A) | <u>analyze how the concepts of scarcity, choice, and opportunity costs apply to decision-making;</u> | Eco.1.A |
| (B) | <u>interpret a production-possibilities curve and apply the concepts of scarcity, choice, and opportunity costs;</u> | Eco.1D |
| (C) | <u>explain how the production-possibilities curve represents cost-benefit decision-making;</u> | |
| (D) | <u>use the circular flow model to identify how households, firms, and governments interact in both resource markets and product markets;</u> | Circular flow model is an example of free-enterprise economic system |
| (E) | <u>explain the characteristics of business organization such as sole proprietorships, partnerships, corporations;</u> | |
| (F) | <u>identify the role of the entrepreneur in creating businesses;</u> | |
| (G) | <u>evaluate how prices and quantities are determined through supply and demand;</u> | |
| (H) | <u>interpret a supply and demand graph, including equilibrium point, surpluses, and shortages;</u> | Eco.2.C CCRS: Math IX.B.2 |
| (I) | <u>analyze how non-price determinants of supply and demand affect equilibrium price and equilibrium quantity; and</u> | |
| (J) | <u>explain how supply and demand exist in both resource and product markets.</u> | |
| (2) | <u>Economics. The student understands that macroeconomic issues and policies have an impact on personal finance.</u> | |
| (A) | <u>identify types of taxes at the local, state, and national levels, including tariffs, and the economic importance of each;</u> | Eco.14.A |

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| (B) | <u>analyze the impact of fiscal policy decisions on the economy;</u> | Eco.14.C |
| (C) | <u>classify where specific countries fall along the economic spectrum between free-enterprise/market and communism/command;</u> | WG.10.B |
| (D) | <u>analyze recent changes in the basic characteristics, including private property, incentives, economic freedom, competition, and the limited role of government, of the U.S. economy;</u> | Eco.5.B |
| (E) | <u>explain the benefits of the U.S. free enterprise system, including individual freedom of consumers and producers, variety of goods, responsive prices, investment opportunities, and the creation of wealth; and</u> | Eco.5.A |
| (F) | <u>explain the impact of monetary policies enacted by the Federal Reserve System on interest rates, inflation, and unemployment.</u> | Eco.13.B |
| (3) | <u>Personal financial literacy--education and skills. The student recognizes the costs and benefits of various types of college, postsecondary education, and training. The student is expected to:</u> | |
| (A) | <u>analyze the relationship between education and training and earnings;</u> | PFL.15.A |
| (B) | <u>identify types of costs associated with college, postsecondary education, and training;</u> | PFL.15.B |
| (C) | <u>investigate and evaluate the costs and benefits among postsecondary education and training institutions such as public universities, private universities, certification programs, and community colleges;</u> | PFL.15.C and 16.A |
| (D) | <u>describe the process for completing grant and scholarship applications, including the Free Application for Federal Student Aid (FAFSA) provided by the U.S. Department of Education or the Texas Application for State Financial Aid (TASFA);</u> | PFL.16.B |
| (E) | <u>compare and contrast different resources for acquiring funding for education after high school such as personal savings, employment, Free Application for Federal Student Aid (FAFSA), Texas Application for State Financial Aid (TASFA), Expected Family Contribution, Pell Grants, work-study programs, student loans, Individual Development Accounts, scholarships such as the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT®), military programs, and internships to reduce the projected cost of education;</u> | PFL.17.D |
| (F) | <u>interpret data from a student aid report; and</u> | |
| (G) | <u>research and align interests and skills with potential careers and postsecondary education to assure a life strategy that will produce employment the student enjoys with a desired standard of living.</u> | Financial Math 17.B |

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| (4) | <u>Personal financial literacy--earning. The student recognizes that a variety of factors influence income. The student is expected to:</u> | |
| (A) | <u>identify sources of income, including wages and salaries, profits, interest, rent, dividends, and capital gains;</u> | Financial Math.3.A |
| (B) | <u>compare common employee benefits such as health insurance, sick leave, and retirement plans;</u> | Financial Math.3.B |
| (C) | <u>differentiate among and calculate gross, net, and taxable income;</u> | Financial Math.3.C |
| (D) | <u>analyze and interpret payroll deductions, including federal taxes, state taxes, and city taxes, using current tax rates;</u> | Financial Math.3.D |
| (E) | <u>examine and evaluate the reasons for federal income taxation, Social Security taxation, and Medicare taxation, including earnings limitations as applicable;</u> | Financial Math.3.E |
| (F) | <u>calculate net pay;</u> | Financial Math.3.F |
| (G) | <u>compare and contrast between independent contractor earnings and employee earnings, including tax requirements, tax forms (W-2, W-4, 1099, and Form 941), and benefit requirements;</u> | Financial Math.3.G |
| (H) | <u>calculate the various earnings as affected by the laws related to minimum wage, overtime, income from tips, exempt and non-exempt status, and contract and employee status;</u> | Financial Math.3.H |
| (I) | <u>calculate the impact of paying with after-tax dollars versus pre-tax dollars for items such as medicine, services, and investments;</u> | Financial Math.3.I |
| (J) | <u>analyze and interpret total compensation, including payroll, Federal Insurance Contribution Act (FICA) tax, employer cost of benefits, employers' matching costs for FICA and Medicare, and employer match in savings plans, to explain how compensation is more than what is reflected in a paycheck;</u> | Financial Math.3.J |
| (K) | <u>compare total compensation and additional benefits and obligations as a self-employed or independent contractor with total compensation as an employee;</u> | Financial Math.3.K |
| (L) | <u>analyze how economic and other conditions can affect income and career opportunities and the need for lifelong training and education;</u> | Financial Math.3.L |
| (M) | <u>evaluate the impact of supply and demand on a labor market and demonstrate how that affects income; and</u> | |
| (N) | <u>identify factors such as educational attainment and market demand for careers that would influence the labor market and affect income.</u> | |

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| (5) | <u>Personal financial literacy--spending. The student understands how to set personal spending goals. The student is expected to:</u> | |
| (A) | <u>develop financial goals for the short, medium, and long term that are specific, measurable, attainable, realistic, and time based;</u> | PFL.1.D |
| (B) | <u>identify and prioritize types of purchases and charitable giving;</u> | |
| (C) | <u>evaluate various forms of financial exchange, including cash, checks, credit cards, debit cards, mobile payment applications, and electronic transfers;</u> | |
| (D) | <u>discuss the importance of tracking income and expenses to reconcile financial records;</u> | |
| (E) | <u>evaluate the impact of unplanned spending;</u> | PFL.2.F |
| (F) | <u>analyze costs and benefits of owning versus renting housing;</u> | PFL.4.A |
| (G) | <u>analyze costs and benefits of owning versus leasing a vehicle;</u> | PFL.4.B |
| (H) | <u>compare total costs of alternative methods of payment such as rent-to-own, store credit, installment agreements, cash, bank credit card, and debit card;</u> | PFL.4.C |
| (I) | <u>apply strategies for making informed decisions about purchasing consumer goods such as comparing prices per unit, looking for sales or promotions, and negotiating price; and</u> | PFL.4.D |
| (J) | <u>analyze the opportunity costs of spending and saving in recognizing short-, medium-, and long-term goals.</u> | |
| (6) | <u>Personal financial literacy--credit and debt. The student understands the costs and benefits of borrowing. The student is expected to:</u> | |
| (A) | <u>compare and contrast sources of credit such as banks, merchants, peer-to-peer, payday loans, and title loans;</u> | PFL.8.A |
| (B) | <u>identify the characteristics and dangers of predatory lending practices;</u> | |
| (C) | <u>compare and contrast types of credit, including revolving and installment credit, and collateralized loans versus unsecured credit;</u> | PFL.8.B |
| (D) | <u>discuss how character, capacity, and collateral can adversely or positively impact an individual's credit rating and the ability to obtain credit;</u> | PFL.9.A |
| (E) | <u>describe how to access and interpret a sample credit report and score;</u> | PFL.9.B |
| (F) | <u>describe the importance of monitoring credit reports regularly and addressing mistakes;</u> | PFL.9.C |
| (G) | <u>identify factors that could lead to bankruptcy such as medical expenses, job loss, divorce, or a failed business;</u> | PFL.9.D |

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| (H) | <u>appraise the impact of borrowing decisions on credit score, including consequences of poor credit management and bankruptcy;</u> | PFL.9.E |
| (I) | <u>evaluate a decision to use credit;</u> | |
| (J) | <u>examine the components of the cost of borrowing, including annual percentage rate (APR), fixed versus variable interest, length of term, grace period, and additional fees such as late payment, cash advance, and prepayment penalties; and</u> | PFL.10.A |
| (K) | <u>explain strategies to reduce total cost of borrowing such as making a higher down payment and additional principal payments.</u> | PFL.10.B |
| (7) | <u>Personal financial literacy--saving and investing. The student understands the importance of saving and investing in creating wealth and building assets. The student is expected to:</u> | PFL.5 |
| (A) | <u>discuss the role of financial institutions and markets in saving and investing;</u> | PFL.6.A |
| (B) | <u>determine the exponential growth benefits of starting early to invest with continuous contributions;</u> | |
| (C) | <u>determine the number of years it will take for savings to double in value by using the rule of 72;</u> | |
| (D) | <u>evaluate the costs and benefits of various savings options such as bank savings accounts, certificates of deposit, and money market mutual funds;</u> | PFL.6.C |
| (E) | <u>evaluate risk and return of various investment options, including stocks, bonds, mutual funds, and exchange-traded funds (ETFs);</u> | PFL.6.D |
| (F) | <u>estimate the number of years living in retirement and identify costs of retirement such as living expenses, long-term care expenses, and end-of-life expenses;</u> | PFL 7.A |
| (G) | <u>identify and explain sources of income during retirement, including Social Security, individual savings, and employer-sponsored plans;</u> | PFL.7.B |
| (H) | <u>evaluate the relative benefits of pre-tax and post-tax investing;</u> | TEKS guide: list plans 403Bs, 401Ks, 529s, and other types of saving plans |
| (I) | <u>develop a short-term saving strategy to achieve a goal such as establishing and maintaining an emergency fund;</u> | PFL.5.A |
| (J) | <u>develop an intermediate-term saving and investing strategy to achieve a goal such as accumulating a down payment on a home or vehicle; and</u> | PFL.5.B |
| (K) | <u>develop a long-term investing strategy to achieve a goal such as a financially secure retirement.</u> | PFL.5.C |

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| (8) | <u>Personal financial literacy--protecting and insuring. The student recognizes financial risks faced by individuals and families and identifies strategies for handling these risks to avoid potential loss of assets and earning potential. The student is expected to:</u> | |
| (A) | <u>apply risk management strategies, including avoiding, reducing, retaining, and transferring risk;</u> | PFL.11.B |
| (B) | <u>define insurance terminology, including premiums, deductibles, co-pays, and policy limits;</u> | PFL.12.A |
| (C) | <u>explain the costs and benefits of different types and sources of health insurance such as individual health plans, employer-provided health plans, and government-provided health plans;</u> | PFL.12.B |
| (D) | <u>explain the costs and benefits of disability and long-term care insurance;</u> | PFL.12.C |
| (E) | <u>explain the costs and benefits of life insurance, including term insurance and whole life insurance;</u> | PFL.12.D |
| (F) | <u>explain the costs and benefits of property insurance, including homeowner's and renter's insurance;</u> | PFL.12.E |
| (G) | <u>explain the costs and benefits of automobile insurance and factors that impact the price of insurance, including the type of vehicle, age and sex of driver, driving record, deductible, and geographic location;</u> | PFL.12.F |
| (H) | <u>explain the costs and benefits of supplemental types of insurance such as extended warranties, mortgage protection life insurance, accidental death and dismemberment life insurance, car loan payoff coverage, debt cancellation coverage, and credit life coverage;</u> | PFL.12.G |
| (I) | <u>identify ways to reduce risk of identity theft and protect personal information;</u> | PFL 13.A |
| (J) | <u>recognize common schemes and scams such as Ponzi schemes, pyramid, phishing, check cashing, and home renovation scams;</u> | PFL 13.B |
| (K) | <u>demonstrate an understanding of how to use consumer protection agencies such as the Better Business Bureau, Consumer Financial Protection Bureau, and the Texas State Securities Board to research and report fraud; and</u> | PFL 13.C |
| (L) | <u>explain the importance of estate planning, including guardianship of minor children, wills, beneficiary designation, power of attorney, living will, and medical directives.</u> | PFL 14.A and B |

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| (9) | <u>Personal financial literacy skills. The student understands how to set personal financial goals. The student is expected to:</u> | The work group's goal for this separate strand is for students to be able to integrate the skills horizontally. The course is holistic in nature and every strand is interconnected. Personal financial goals guide one's spending, saving, investing at any given point in one's life. Students should be able to apply the content learned in this course in practice to a personal financial plan. |
| (A) | <u>use problem-solving and decision-making processes to identify a problem, gather information, list and consider options, consider advantages and disadvantages, choose and implement a solution, and evaluate the effectiveness of the solution; and</u> | Eco.20.A |
| (B) | <u>demonstrate how earning income, spending, credit, debt, saving and investing, protecting and insuring are part of a comprehensive financial plan.</u> | |

Working Document