Texas Social Studies

Personal Financial Literacy & Economics (2022): Grades 11, 12

Adopted 2022

Economics

1. **The student understands the fundamental concepts of economics** PFE.1
   - A. analyze how the concepts of scarcity, choice, and opportunity costs apply to decision making PFE.1.A
   - B. interpret a production-possibilities curve and apply the concepts of scarcity, choice, and opportunity costs PFE.1.B
   - C. explain how the production-possibilities curve represents cost-benefit decision making PFE.1.C
   - D. use the circular flow model to identify how households, firms, and governments interact in both resource markets and product markets PFE.1.D
   - E. evaluate how prices and quantities are determined through supply and demand PFE.1.E
   - F. interpret a supply-and-demand graph, including equilibrium point, surpluses, and shortages PFE.1.F
   - G. analyze how non-price determinants of supply and demand affect equilibrium price and equilibrium quantity PFE.1.G
   - H. explain how supply and demand exist in both resource and product markets PFE.1.H

2. **The student understands that macroeconomic issues and policies have an impact on personal finance** PFE.2
   - A. identify types of progressive and regressive taxes at the local, state, and national levels and explain the economic importance of each PFE.2.A
   - B. examine and evaluate the reasons for federal income taxation, Social Security taxation, Medicaid taxation, and Medicare taxation, including earnings limitations as applicable PFE.2.B
   - C. explain how all economic systems are mixed and exist on a spectrum between pure market and pure command systems PFE.2.C
   - D. explain the benefits of the U.S. free enterprise system, including private property and incentives PFE.2.D

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E. discuss the importance of full employment, price stability, and economic growth in achieving the macroeconomic goals of the United States PFE.2.E

F. explain the impact of fiscal policies enacted by government decisions on interest rates, inflation, and unemployment PFE.2.F

G. explain the impact of monetary policies enacted by the Federal Reserve System on interest rates, inflation, and unemployment PFE.2.G

Personal financial literacy

3. Investing in education and skills. The student recognizes the costs and benefits of various types of postsecondary education and training throughout the student's lifetime PFE.3

A. analyze the relationship between education and training and earnings throughout the student's lifetime PFE.3.A

B. investigate and evaluate the costs and benefits of various postsecondary education and training institutions PFE.3.B

C. 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) PFE.3.C

D. analyze and compare various student grant and loan options, including private and federal loans PFE.3.D

E. interpret data from a student aid report PFE.3.E

F. 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 PFE.3.F

4. Earning. The student recognizes that a variety of factors influence income PFE.4

A. identify sources of income, including wages and salaries, profits, interest, rent, dividends, and capital gains PFE.4.A

B. compare common employee benefits such as health insurance, sick leave, retirement plans, and other tax-favored health and dependent care plans PFE.4.B

C. differentiate among and calculate gross, net, and taxable income PFE.4.C

D. identify factors such as educational attainment and market demand for careers that can influence the labor market and affect income PFE.4.D

5. Entrepreneurship. The student discusses the opportunities available for entrepreneurship PFE.5

A. describe the role of the entrepreneur in creating businesses PFE.5.A

B. explain how an entrepreneur earns income, including through profits from the creation or ownership of businesses PFE.5.B

C. compare total compensation and additional benefits and obligations as a self-employed or independent contractor with total compensation as an employee PFE.5.C

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D. discuss the resources available for entrepreneurship and the federal, state, and local agencies available to assist with or provide grants for the creation of a small business PFE.5.D

E. analyze the risks and rewards of entrepreneurship, including those associated with starting a new business, owning a small business, and purchasing a franchise PFE.5.E

F. explain the characteristics of business organization such as sole proprietorships, partnerships, and corporations PFE.5.F

6. **Spending. The student understands how to set personal spending goals** PFE.6

A. develop financial goals for the short, medium, and long term that are specific, measurable, attainable, realistic, and time based PFE.6.A

B. analyze the opportunity costs of spending and saving in recognizing short-, medium-, and long-term goals PFE.6.B

C. identify and prioritize types of purchases and charitable giving PFE.6.C

D. evaluate various forms of financial exchange such as cash, checks, credit cards, debit cards, mobile payment applications, and electronic transfers PFE.6.D

E. discuss the importance of tracking income and expenses to reconcile financial records PFE.6.E

F. evaluate the impact of unplanned spending PFE.6.F

G. analyze costs and benefits of owning versus renting housing PFE.6.G

H. analyze costs and benefits of owning versus leasing a vehicle PFE.6.H

7. **Credit and debt. The student understands the costs and benefits of borrowing** PFE.7

A. compare and contrast sources of credit such as banks, merchants, peer-to-peer, payday loans, and title loans PFE.7.A

B. identify the characteristics and dangers of predatory lending practices PFE.7.B

C. compare and contrast types of credit, including revolving and installment credit, and collateralized loans versus unsecured credit PFE.7.C

D. discuss how character, capacity, and collateral can adversely or positively impact an individual's credit rating and the ability to obtain credit PFE.7.D

E. explain how to access and interpret a sample credit report and score PFE.7.E

F. describe the importance of monitoring credit reports regularly and addressing errors PFE.7.F

G. discuss how factors such as medical expenses, job loss, divorce, or a failed business could lead to bankruptcy PFE.7.G

H. determine and discuss if and when to use credit by considering the truth in lending disclosures PFE.7.H

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Saving and investing. The student understands the importance of saving and investing in creating wealth and building assets PFE.8

A. determine the exponential growth benefits of starting early to invest with continuous contributions PFE.8.A

B. determine the number of years it will take for savings to double in value by using the rule of 72 PFE.8.B

C. evaluate the costs and benefits of various savings options such as bank savings accounts, certificates of deposit, and money market mutual funds PFE.8.C

D. evaluate risk and return of various investment options, including stocks, bonds, mutual funds, and exchange-traded funds (ETFs) PFE.8.D

E. evaluate the relative benefits of pre-tax and post-tax investing PFE.8.E

F. develop a short-term saving strategy to achieve a goal such as establishing and maintaining an emergency fund PFE.8.F

G. develop an intermediate-term saving and investing strategy to achieve a goal such as accumulating a down payment on a home or vehicle PFE.8.G

H. develop a long-term investing strategy to achieve a goal such as a financially secure retirement PFE.8.H

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9. **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** PFE.9

A. apply risk management strategies, including avoiding, reducing, retaining, and transferring risk PFE.9.A

B. define insurance terminology, including premiums, deductibles, co-pays, and policy limits PFE.9.B

C. explain the costs and benefits of different types and sources of health insurance PFE.9.C

D. explain the costs and benefits of disability and long-term care insurance PFE.9.D

E. explain the costs and benefits of life insurance, including term insurance and whole life insurance PFE.9.E

F. explain the costs and benefits of property insurance, including homeowner's and renter's insurance PFE.9.F

G. 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 PFE.9.G

H. identify ways to reduce risk of identity theft and protect personal information PFE.9.H

I. describe and identify examples of common schemes and scams such as Ponzi schemes and pyramid, phishing, check cashing, and home renovation scams PFE.9.I

J. explain how consumer protection agencies protect consumers against fraud PFE.9.J

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K. explain the importance of estate planning, including guardianship of minor children, wills, beneficiary designation, power of attorney, living will, and medical directives PFE.9.K

Personal financial literacy skills

10. The student understands how to set personal financial goals PFE.10

A. 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 PFE.10.A

B. develop a budget that addresses short-, medium-, and long-term financial goals PFE.10.B

C. explain why earning income, spending, credit, debt, saving and investing, and protecting and insuring are important parts of a comprehensive financial plan and develop a plan that incorporates these components PFE.10.C