

Name: \_\_\_\_\_ Period: \_\_\_\_\_ CP or H

## ANSWER KEY

term/concept	define/explain
Values	Something that you hold as important
Needs and wants	Needs: Necessity Want: you don't need it you want it, can do without it.
SMART GOAL	<b>S</b> pecific, <b>M</b> easurable, <b>A</b> chievable, <b>R</b> ealistic, and <b>T</b> imely
Short term goals (time frame)	Up to three months
Medium term goals (time frame)	Three months to a year
Long term goals (time frame)	More than a year
Parts of a budget	Title's, subtitles, estimated income and fixed expenses
Types of Expenses	Fixed, Variable, and Periodic
PYF	Pay Yourself First
Steps to creating a budget	Make a list of Income, Make a list of your Expenses
Types of credit (4)	Revolving credit Installment Credit Cash Loans Service Credit
5 C's of credit with an example	Character Capacity Collateral Capital Conditions
Three credit reporting companies, what are they?	Equifax Experian TransUnion
Activities that impact your	Not paying your bills on time

Personal Finance - Student Study Guide - Fill out as many as you can. -submit it on classroom

Name: \_\_\_\_\_ Period: \_\_\_\_\_ CP or H

credit rating	Overextending your what you can afford Too many credit cards etc..
Who can review you credit report	Current and potential creditors According to the <a href="#">Federal Fair Credit Reporting Act</a> , only those with a legitimate need can request – and obtain– a copy of your credit report. However, not all of them need your permission to view your credit reports.
Ways to prevent Identity Theft and Fraud	Place a credit report security freeze Order you free credit report Buy your credit reports Monitor your accounts online, etc..
20 10 Rule	You should keep your borrowing total below 20% of your annual after-tax income.  Your goal is to keep your payments on all the loans and credit cards to no more than 10% of your monthly after-tax income.
How often should you check your credit report?	At least once a year
How to calculate net pay?	Gross pay minus taxes and deductions
Payroll Taxes (list 4)	Federal Income Tax State Income Tax Medicare Tax Social Security Tax
Types of Employee benefits (list 2)	Health Dental 401K
W4 form	A form you fill out to designate how many withholding allowances you would like used to determines how much taxes are taken out of your paycheck
W2 form	A form that reflects income earned from the prior year
What are some cost of living expenses?	Food Housing Utilities insurance

Name: \_\_\_\_\_ Period: \_\_\_\_\_ CP or H

What are some hidden costs of working?	Transportation Day care
What is the difference between saving and investing?	Savings is putting money in a financial institution for safe keeping- earns interest. Investing is buying something with the expectation that it will make money for you.
List two popular savings options	Saving, Money Market, CD, Bonds
Stock	Ownership - shareholder in a company
Bond	Lend money to the government- has a maturity date - get funds with interest
Mutual Funds	Invest in a variety of stocks/bonds to meet a specific investment objective
Benefits of Mutual Funds (2)	Pooled assets with other investors diversification
Capital gain	return that comes from growth stock prices (Sell price higher than the buy)
Dividends	an amount of a company's revenue paid to its shareholders. (Some stock pay regular dividends usually quarterly to their shareholders.
What are the three levels of risk intolerance	Low, medium, high
What is the difference between Income Investments and growth investments.	INCOME: provided expected earnings usually in predictable amounts. GROWTH: Investments are purchased because of the potential that the value will increase over time; an unpredictable amount of money is received when the investment is sold.
TVM ?	Time Value Money: The relationship between the time period of the investment, the amount of money contributed or invested, and the rate of return.
Investments Diversification	A diversified <b>investment</b> is a portfolio of various assets that earns the highest return for the least risk. A typical diversified portfolio has a mixture of stocks, fixed income, and commodities.

Personal Finance - Student Study Guide - Fill out as many as you can. -submit it on classroom

Name: \_\_\_\_\_ Period: \_\_\_\_\_ CP or H

Compound Interest	In compound interest the interest is added to the account balance, you earn interest on the original balance plus the previously earned interest. In short earning interest on interest.
Simple Interest formula	$I = P \times R \times T$ P = principal (the original invested amount) R = interest rate (decimal number) T = time (number of years)
Rule 72 (calculation)	Can be applied when doubling investments. Example #1: How long will it take to double an investment if you can earn 4% annually? $72 / 4 = 18$ years
Inflation	A rise or increase in the cost of goods and services over time. This means that your money will buy less in the future Investments need to work hard to beat inflation and maintain or increase purchasing power.
What is a benefit of a checking account?	Proof of payment
What are two things you need to bring to the bank when you go to open a checking account?	Social security card id
What are three types of check endorsements?	Blank, restrictive, special endorsement
Check Register	A check register helps you keep a personal record of your checking account. This allows you to see and continually update your account balance, any withdrawals or deposits to your account, and transactions that have not yet hit your account.
Bank Reconciliation	A bank reconciliation statement is a summary of banking and business activity that reconciles an entity's <a href="#">bank account</a> with its financial records. <a href="#">The statement</a> outlines the deposits, withdrawals and other activities affecting a bank account for a specific period.