

# lesson one

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the art of budgeting



**student activities**

name: \_\_\_\_\_

date: \_\_\_\_\_



## what are your goals?

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### **directions**

List some of your educational, social, financial, family, health/physical, and recreational goals. In some categories you may have more than six goals; in others you may have fewer.

### **my educational goals include:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

### **my social goals include:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

### **my financial goals include:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

# what are your goals? (continued)

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## my family goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

## my health/physical goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

## my recreational goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

name: \_\_\_\_\_

date: \_\_\_\_\_



## working with your goals

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### what goals are the most important to you?

Choose the two goals from each category that are the most important to you. Identify each goal as short-term (1–4 weeks), medium-term (2–12 months), or long-term (1 year or longer).

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_

### prioritize your goals

List and prioritize six of your most important goals. After each goal, identify what you could be doing now to work toward the goal, and what resources (if any) you need to achieve each goal.

**goal #1** \_\_\_\_\_

What I can be doing now to work toward this goal:

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The resources I need to achieve this goal are:

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## working with your goals (continued)

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### goal #2

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What I can be doing now to work toward this goal:

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The resources I need to achieve this goal are:

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### goal #3

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What I can be doing now to work toward this goal:

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The resources I need to achieve this goal are:

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### goal #4

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What I can be doing now to work toward this goal:

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The resources I need to achieve this goal are:

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## working with your goals (continued)

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### goal #5

What I can be doing now to work toward this goal:

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The resources I need to achieve this goal are:

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### goal #6

What I can be doing now to work toward this goal:

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The resources I need to achieve this goal are:

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name: \_\_\_\_\_

date: \_\_\_\_\_



## setting up a personal budget



### directions

Use this form to set up a personal budget. After you've completed your planning, try to stick to your budget for one month. At the end of the month, record your actual income and your actual expenses. Calculate the difference between what you thought you would earn and what you actually earned, and what you thought you would spend and what you actually spent.

income	budget	actual	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>total monthly income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

expenses	budget	actual	difference
<b>fixed expenses</b>			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Credit card	\$	\$	\$
<b>fixed expenses</b>			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities	\$	\$	\$
<b>transportation</b>			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$

## setting up a personal budget (continued)

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### other

Medical expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
<b>total monthly expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

name: \_\_\_\_\_

date: \_\_\_\_\_



## rework a budget

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### directions

Use one of the attached budget sheets to set up and maintain Gabrielle's budget. Then, use the other sheet to rework Gabrielle's budget into one that fits your personal lifestyle.

### her planned income and expenses

Gabrielle works part-time at a greeting card company and part-time at a record store. The net monthly income from her first job is \$600. The net monthly income from her second job is \$800.

#### Her planned fixed monthly expenses include:

- \$200 for rent (she shares an apartment with two friends)
- \$175 for car payment
- \$220 for car insurance

#### Her planned flexible expenses include:

- \$100 (to save for going to trade school)
- \$150 for food
- \$40 for gas and oil
- \$50 for clothes
- \$60 for entertainment
- \$30 for personal items

### how her month actually went

1. What she made:

- Gabrielle made \$45 in overtime pay this month

2. What her fixed expenses actually were:

- Rent went up to \$225, starting this month
- Her monthly car payment was \$175
- Her monthly car insurance premium, as of this month, went up to \$295

3. What her flexible expenses actually were:

- \$190 for food (she had a dinner party for which she hadn't budgeted)
- \$60 for gas and oil (her car needed an oil change)
- \$34 for parking and bridge tolls
- \$220 for car repairs
- \$80 for a new pair of running shoes
- \$70 for entertainment
- \$60 for personal items
- \$36 for a birthday present for her mother

4. Unforeseen events:

- Gabrielle got two speeding tickets in one week.  
The total cost of both tickets is \$230.

## **rework a budget** (continued)

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### **how does her budget look now?**

1. What is the difference between Gabrielle's planned expenses and her actual expenses?
2. In what areas did she overspend?
3. In what areas did she spend less than she planned?
4. How much did she spend for the use of her car this month?
5. How much money did she have at the end of the month to put into savings?

### **if it were your budget...**

1. Using the attached budget sheet, set up a budget for yourself. Use Gabrielle's income as a starting point. Keep in mind your personal financial goals.
2. What did you change about the budget?
3. How much would you save each month to put toward your personal and financial goals?



## rework a budget (continued)

### **gabrielle's budget**

<b>income</b>	<b>budget</b>	<b>actual</b>	<b>difference</b>
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>total monthly income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

<b>expenses</b>	<b>budget</b>	<b>actual</b>	<b>difference</b>
<b>fixed expenses</b>			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Credit card	\$	\$	\$
<b>fixed expenses</b>			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities	\$	\$	\$
<b>transportation</b>			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
<b>other</b>			
Medical expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
<b>total monthly expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

## rework a budget (continued)

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### if it were your budget

<b>income</b>	<b>budget</b>	<b>actual</b>	<b>difference</b>
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>total monthly income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

<b>expenses</b>	<b>budget</b>	<b>actual</b>	<b>difference</b>
<b>fixed expenses</b>			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Credit card	\$	\$	\$
<b>fixed expenses</b>			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities	\$	\$	\$
<b>transportation</b>			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
<b>other</b>			
Medical expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
<b>total monthly expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



### how does her budget look now?

1. What is the difference between Gabrielle's planned expenses and her actual expenses?

*Actual was \$1675, planned was \$1025. Difference is \$650. (Taking into account her overtime pay of \$45, she went over budget only \$605.)*

2. In what areas did she overspend?

*Food, transportation, clothing, entertainment, personal, other (tickets, birthday present)*

3. In what areas did she spend less than she planned?

*Savings*

4. How much did she spend for the use of her car this month?

*\$784 not including tickets*

5. How much money did she have at the end of the month to put into savings?

*None*

### if it were your budget...

1. Using the attached budget sheet, set up a budget for yourself. Use Gabrielle's income as a starting point. Keep in mind your personal financial goals.

2. What did you change about the budget?

3. How much would you save each month to put toward your personal and financial goals?



## lesson one quiz: the art of budgeting

### true-false

1. \_\_\_\_\_ The budgeting process starts with monitoring current spending.
2. \_\_\_\_\_ Most short-term goals are based on activities over the next two or three years.
3. \_\_\_\_\_ A common long-term goal may involve saving for college for parents of a new-born child.
4. \_\_\_\_\_ Rent is considered a fixed expense.
5. \_\_\_\_\_ Flexible expenses stay about the same each month.

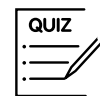
### multiple choice

6. \_\_\_\_\_ The final phase of the budgeting process is to:
  - A. set personal and financial goals.
  - B. compare your budget to what you have actually spent.
  - C. review financial progress.
  - D. monitor current spending patterns.
7. \_\_\_\_\_ An example of a long-term goal would be:
  - A. an annual vacation.
  - B. saving for retirement.
  - C. buying a used car.
  - D. completing college within the next six months.
8. \_\_\_\_\_ A clearly written financial goal would be:
  - A. "To save money for college for the next five years"
  - B. "To pay off credit card bills by 2001"
  - C. "To invest in an international mutual fund for retirement"
  - D. "To establish an emergency fund of \$4,000 in 18 months"
9. \_\_\_\_\_ An example of a fixed expense is:
  - A. clothing.
  - B. auto insurance.
  - C. an electric bill.
  - D. educational expenses.
10. \_\_\_\_\_ \_\_\_\_\_ is commonly considered a flexible expense.
  - A. Rent
  - B. A mortgage payment
  - C. Home insurance
  - D. Entertainment

### case application

Each month Mary and Brad Johnson have lengthy discussions about their household spending. They do not understand why they are continually short of money even though they both have good salaries. What actions might be taken to avoid personal and financial difficulties?

# lesson one quiz: the art of budgeting answer key



## true-false

1. f The budgeting process starts with monitoring current spending.
2. f Most short-term goals are based on activities over the next two or three years.
3. t A common long-term goal may involve saving for college for parents of a new-born child.
4. t Rent is considered a fixed expense.
5. f Flexible expenses stay about the same each month.

## multiple choice

6. C The final phase of the budgeting process is to:
  - A. set personal and financial goals.
  - B. compare your budget to what you have actually spent.
  - C. review financial progress.
  - D. monitor current spending patterns.
7. B An example of a long-term goal would be:
  - A. an annual vacation.
  - B. saving for retirement.
  - C. buying a used car.
  - D. completing college within the next six months.
8. D A clearly written financial goal would be:
  - A. "To save money for college for the next five years"
  - B. "To pay off credit card bills by 2001"
  - C. "To invest in an international mutual fund for retirement"
  - D. "To establish an emergency fund of \$4,000 in 18 months"
9. B An example of a fixed expense is:
  - A. clothing.
  - B. auto insurance.
  - C. an electric bill.
  - D. educational expenses.
10. D \_\_\_\_\_ is commonly considered a flexible expense.
  - A. Rent
  - B. A mortgage payment
  - C. Home insurance
  - D. Entertainment

## case application

Each month Mary and Brad Johnson have lengthy discussions about their household spending. They do not understand why they are continually short of money even though they both have good salaries. What actions might be taken to avoid personal and financial difficulties?

*The Johnsons should create a specific spending plan based on their income, needs, and wants. They should decide on various financial goals for their current and future needs. They should regularly revise their budget based on changing situations in their lives.*

# lesson two

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living on your own



student activities





name: \_\_\_\_\_

date: \_\_\_\_\_



## budgeting to live on your own or upgrade your lifestyle

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Use this form to set up a budget that would allow you and your teammates to rent and furnish an apartment.

### income

Job #1	\$
Job #2	\$
Other	\$
<b>total income</b>	<b>\$</b>

### fixed expenses

Rent/mortgage	\$
Car insurance	\$
Car payment	\$

### flexible expenses

Savings	\$
Food	\$
Utilities (gas, electricity, water)	\$
Transportation	\$
Bus fare	\$
Gas and oil	\$
Parking and tolls	\$
Repairs	\$
Clothing	\$
Entertainment	\$
Household items	\$
Personal items	\$
Tuition	\$
School expenses	\$
<b>total monthly expenses<sup>1</sup></b>	<b>\$</b>

## **budgeting to live on your own** (continued)

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Continue to calculate what you and your teammates would pay to rent and furnish an apartment.

### **moving-in costs**

Rent for first month	\$
Rent for last month	\$
Cleaning deposit	\$
Security deposit	\$
Utilities deposit	\$
Telephone deposit	\$
Moving costs	\$

**total cost to move in<sup>2</sup>** \$

### **cost of furnishing and equipping an apartment**

Bedroom #1	\$
Bedroom #2	\$
Living room	\$
Dining room	\$
Kitchen	\$
Bathroom	\$
Other	\$

**total cost<sup>3</sup>** \$

### **summary**

<b>total cost for first month (1+2+3)</b>	<b>\$</b>
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name: \_\_\_\_\_

date: \_\_\_\_\_



## would you sign this lease?

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### **directions**

Use the attached lease form to answer the following questions.

1. For which utilities, if any, does the landlord pay?
2. If you were to fall down a wet flight of stairs and break your leg while in the apartment building, could you hold the landlord legally responsible for your medical bills?
3. If you break any provision of the lease, what recourse does the landlord have?
4. What terms and conditions apply if you choose to stay after the lease has expired?
5. If the landlord changes (or waives) any provision in the lease, how are the other provisions affected?
6. If you want to let the landlord know you are moving out, what must you do?
7. Is there anything in this lease you would change?
8. Would you add any provisions to this lease?

# lease agreement

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## lease

### 1. Parties/Premises:

This Lease is made this 27th of August, 2000, by and between Alice Chan (herein referred to as "Landlord") and Tim Baker (herein referred to as "Tenant"). Landlord hereby leases to Tenant certain real property situated in the City of San Francisco, State of California, commonly known as 123 Main Street and described as Two Bedroom Apartment (hereinafter called the "Premises").

### 2. Term:

The term of this Lease shall be for one year commencing on September 1, 2000, and ending on September 1, 2001.

### 3. Rent:

Tenant shall pay to Landlord as rent for the Premises the sum of \$850.00 dollars per month, on the first day of each month. Rent shall be payable without notice or demand at the address as the Landlord may designate to Tenant in writing.

### 4. Utilities:

Tenant shall make all arrangements and pay for all gas, heat, light, power, telephone, and other utility services supplied to the Premises and for all connection charges.

### 5. Hold Harmless:

Tenant shall hold Landlord harmless from any and all claims arising from Tenant's use of the Premises. Except for Landlord's willful or grossly negligent conduct, Tenant assumes all risk of damage to property or injury to persons in or about the Premises.

### 6. Default:

If Tenant shall default and breach any covenant or provision of the Lease, then the Landlord, after giving the proper notice required by law, may re-enter the Premises and remove any property and any and all persons therefrom. The undersigned Resident(s) whether or not in actual possession of the premises, are jointly and severally liable for all obligations under this rental agreement.

### 7. Holding Over:

If Tenant, with the Landlord's consent, remains in possession of the Premises after expiration of this Lease, such possession shall be a tenancy from month-to-month at a rental in the amount of the last month's rent. Tenant must notify Landlord in writing at least thirty days prior to evacuating the Premises. All other provisions remain the same.

### 8. Waivers:

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof.

**Landlord By:**

Alice Chan

\_\_\_\_\_  
signature

**Tenant By:**

Tim Baker

\_\_\_\_\_  
signature

name: \_\_\_\_\_

date: \_\_\_\_\_



## would you sign this rental agreement?

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### **directions**

Use the attached rental agreement form to answer the following questions.

1. Except in an emergency, how much notice must the landlord give you before entering your apartment?
2. What must you do if you want to alter the apartment in any way?
3. Under what circumstances may the landlord withhold your security deposit?
4. After you move out of the apartment, how long does the landlord have to return your security deposit (assuming you leave the apartment clean and in good condition)?
5. What recourse, if any, does the landlord have if you sublease the apartment without prior consent?
6. You rent the apartment with a friend, and you both sign the rental agreement. Then, you decide to move out but do not notify the landlord. At a later date, your former roommate defaults on the rent. Can the landlord hold you legally responsible?
7. Is there anything in this rental agreement you would change?
8. Is there anything you would want to add to this rental agreement?

# rental agreement

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## rental agreement (month-to-month)

This agreement is entered into this 23rd day of December, 2001, by and between Jim Cook "Owner" (Landlord) and Sarah White "Resident" (Tenant), hereafter referred to as "the parties."

### IN CONSIDERATION OF THEIR MUTUAL PROMISES THE PARTIES AGREE AS FOLLOWS:

1. Owner rents to Resident(s) and Resident(s) rents from Owner, for residential use only, the following "premises" known as: 325 Shady Lane, Fremont, California.
2. Rent is due in advance of the first day of each and every month, at \$500.00 per month, beginning on the first day of January, 2002. If any rent shall be due and unpaid five (5) or more days after the due date, or if default shall be made by Resident(s) in any of the other covenants herein contained, then Owner, at his option, may terminate the tenancy by law.
3. Owner is given the right to enter and/or inspect the apartment for the following purposes:
  - (a) In case of emergency.
  - (b) To make necessary repairs or improvements, supply necessary services, or exhibit the dwelling unit to prospective or actual purchasers, tenants, or contractors.
  - (c) When Resident(s) has abandoned or surrendered the premises. Except in cases of emergency, or if it is impractical to do so, Owner shall give Resident(s) reasonable notice of his intent to enter. Twenty-four hours shall be presumed to be reasonable notice.
4. No pets, barbecues, or dangerous items shall be kept or allowed in or about the premises without Owner's written permission.
5. No alterations or decorations shall be made by Resident(s) without Owner's prior written consent. Any improvements to the premises shall become property of Owner at the end of the tenancy.
6. Resident(s) shall pay for any damage or injury to any portion of the premises, common areas, furnishings, fixtures, or appliances, or for personal injury caused by Resident(s).
7. Resident(s) shall pay for all utilities, services, and charges, if any, made payable by or predicated upon occupancy of Resident(s), except monthly water and garbage bills.
8. Resident(s) shall deposit with Owner, as a security deposit, the sum of \$500.00. Owner may claim and withhold from the security deposit only such amounts as are reasonably necessary to remedy Resident's defaults as follows:
  - (a) in the payment of rent; or
  - (b) to repair damages to the premises, if necessary, upon termination of the tenancy. No later than two weeks after Resident(s) has vacated the premises, Owner shall furnish Resident(s) with an itemized written statement of the basis and the amount of any security and shall return any remaining portion of such security to Resident(s).
9. Resident(s) shall neither assign nor sublet these premises or any part thereof or otherwise permit others to occupy the apartment without written consent of Owner. This clause is a special consideration for this contract and its violation shall result in termination of this contract.
10. The undersigned Resident(s), whether or not in actual possession of the premises, are jointly and severally liable for all obligations under this rental agreement.

**The undersigned Resident(s) acknowledges having read and understood the foregoing.**

**Owner:**

Jim Cook

\_\_\_\_\_  
signature

**Resident:**

Sarah White

\_\_\_\_\_  
signature



## would you sign this lease? answer key

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### directions

Use the attached lease form to answer the following questions.

1. What utilities, if any, does the landlord pay for?

*According to the lease, the landlord doesn't pay for any of the utilities.*

2. If you were to fall down a wet flight of stairs and break your leg while in the apartment building, could you hold the landlord legally responsible for your medical bills?

*Only if you could prove the landlord was "willfully and grossly" negligent.*

3. If you break any provision of the lease, what recourse does the landlord have?

*"The landlord, after giving proper notice required by law, may enter the Premises and remove any property and any persons therefrom in the manner allowed by law."*

4. What terms and conditions apply if you choose to stay after the lease has expired?

*Tenancy becomes month-to-month at a rental in the amount of the last month's rent. All other terms and conditions remain the same.*

5. If the landlord changes (or waives) any provision in the lease, how are the other provisions affected?

*All other provisions of the lease stay the same.*

6. If you want to let the landlord know you are moving out, what must you do?

*Notify the landlord, in writing, at least 30 days before you plan to move out.*

7. Is there anything in this lease you would change?

8. Would you add any provisions to this lease?

# would you sign this rental agreement? answer key

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## directions

Use the attached rental agreement form to answer the following questions.

1. Except in an emergency, how much notice must the landlord give you before entering your apartment?

*24 hours.*

2. What must you do if you want to alter the apartment in any way?

*Obtain written consent from the Owner.*

3. Under what circumstances may the landlord withhold your security deposit?

*A landlord can withhold a "reasonable and necessary" amount to remedy the following defaults: payment of rent, to repair damages to the premises caused by Residents, exclusive of ordinary wear and tear, or to clean the premises, if necessary, upon termination of tenancy.*

4. After you move out of the apartment, how long does the landlord have to return your security deposit (assuming you leave the apartment clean and in good condition)?

*No more than two weeks.*

5. What recourse, if any, does the landlord have if you sublease the apartment without prior consent?

*The landlord can terminate your lease.*

6. You rent the apartment with a friend, and you both sign the rental agreement. Then, you decide to move out but do not notify the landlord. At a later date, your former roommate defaults on the rent. Can the landlord hold you legally responsible?

*Yes. There is a clause that states: "the undersigned Resident(s) whether or not in actual possession of the premises, are jointly and severally liable for all obligations under this rental agreement."*

7. Is there anything in this rental agreement you would change?

8. Would you add any provisions to this rental agreement?

name: \_\_\_\_\_

date: \_\_\_\_\_



# create an apartment handbook

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## directions

1. Interview your family and friends about:
  - How much it costs to rent an apartment.
  - How costs are divided up among roommates.
  - The pros and cons of having roommates.
  - How to read and interpret a lease.
  - What it costs to furnish an apartment.
  - Setting up and sticking to a budget.
  
2. Write up your findings. As a class, collate your findings and create a handbook.

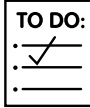
name: \_\_\_\_\_

date: \_\_\_\_\_



## selecting an apartment

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**Compare two or three different rental units based on the following factors:**

### **location**

Place of employment, schools, churches, synagogues, shopping, public transportation, recreation

### **building exterior**

Condition of building, grounds, parking availability, recreation facilities

### **building interior**

Exits, security, hall maintenance, condition of elevators, access to mailboxes

### **apartment layout and facilities**

Condition, size, closets, carpeting, appliances, type of heat, air conditioning, plumbing, water pressure, storage area, room size, doors, locks, windows

### **financial aspects**

Rent amount, length of lease, security deposit, utilities, other costs



## lesson two quiz: living on your own

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### true-false

1. \_\_\_\_\_ An electric bill is commonly considered a fixed living expense.
2. \_\_\_\_\_ A security deposit covers the rent for the first month when moving into an apartment.
3. \_\_\_\_\_ A roommate may reduce the financial burden of renting an apartment.
4. \_\_\_\_\_ Saving money for a down payment to buy a house is usually considered a short-term goal.
5. \_\_\_\_\_ A lease is designed to protect the rights of both a tenant and a landlord.

### multiple choice

6. \_\_\_\_\_ A common flexible expense associated with apartment renting is:  
A. a security deposit.  
B. apartment insurance.  
C. electricity.  
D. rent.
7. \_\_\_\_\_ A \_\_\_\_\_ deposit refers to money held to cover possible damage in an apartment.  
A. cleaning  
B. security  
C. telephone  
D. utilities
8. \_\_\_\_\_ A common moving-in cost for an apartment would be:  
A. a down payment.  
B. building insurance.  
C. real estate taxes.  
D. a security deposit.
9. \_\_\_\_\_ A long-term goal would be to:  
A. rent an apartment.  
B. own an apartment building.  
C. move to a larger apartment.  
D. buy additional furniture.
10. \_\_\_\_\_ The agreement between a renter and a landlord is a:  
A. security deposit.  
B. mortgage.  
C. lease.  
D. deed.

### case application

Ruth recently completed high school. She is working full time and taking courses in the evening and on weekends at a local community college. Since she is making a good income, Ruth wants to get an apartment. She believes this would give her more privacy to study, resulting in higher grades and a better chance to transfer to a top four-year college or university. What would you recommend in this situation?

# lesson two quiz: living on your own answer key



## true-false

1. f An electric bill is commonly considered a fixed living expense.
2. f A security deposit covers the rent for the first month when moving into an apartment.
3. t A roommate may reduce the financial burden of renting an apartment.
4. f Saving money for a down payment to buy a house is usually considered a short-term goal.
5. t A lease is designed to protect the rights of both a tenant and a landlord.

## multiple choice

6. C A common flexible expense associated with apartment renting is:  
A. a security deposit.  
B. apartment insurance.  
C. electricity.  
D. rent.
7. B A \_\_\_\_\_ deposit refers to money held to cover possible damage in an apartment.  
A. cleaning  
B. security  
C. telephone  
D. utilities
8. D A common moving-in cost for an apartment would be:  
A. a down payment.  
B. building insurance.  
C. real estate taxes.  
D. a security deposit.
9. B A long-term goal would be to:  
A. rent an apartment.  
B. own an apartment building.  
C. move to a larger apartment.  
D. buy additional furniture.
10. C The agreement between a renter and a landlord is a:  
A. security deposit.  
B. mortgage.  
C. lease.  
D. deed.

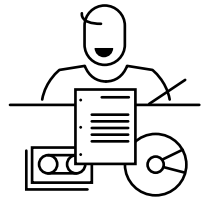
## case application

Ruth recently completed high school. She is working full time and taking courses in the evening and on weekends at a local community college. Since she is making a good income, Ruth wants to get an apartment. She believes this would give her more privacy to study, resulting in higher grades and a better chance to transfer to a top four-year college or university. What would you recommend in this situation?

*While an apartment may be an appropriate decision, Ruth must also consider other factors. Since she works and goes to school, the apartment may not be used much. Also, by living at home, she would be able to save more money for future educational costs.*

# lesson three

buying a home



**student activities**

name: \_\_\_\_\_

date: \_\_\_\_\_



## should they rent or buy?

---



### directions

For each of the following situations, circle **RENT**, **BUY**, or **DEPENDS** to indicate your opinion related to this person's housing decision. Also, give reasons for your response.

1. Marla, age 22, plans to work full time while completing her college degree in a nearby city.

**RENT**

**BUY**

**DEPENDS**

2. Bill, age 44, travels out of town frequently for his sales job. His company may transfer him to another sales territory within a year or two.

**RENT**

**BUY**

**DEPENDS**

3. Craig, age 32, recently completed his master's degree in business while working at the same company for the past six years. He has also been able to save nearly \$8,000 over this time period.

**RENT**

**BUY**

**DEPENDS**

4. Jess, age 19, has just taken her first job as a sales representative trainee for a computer software company.

**RENT**

**BUY**

**DEPENDS**

5. Barb and Frank, ages 54 and 57, are planning to retire within the next few years.

**RENT**

**BUY**

**DEPENDS**



## should they rent or buy? answer key

---



### directions

For each of the following situations, circle **RENT**, **BUY**, or **DEPENDS** to indicate your opinion related to this person's housing decision. Also, give reasons for your response.

1. Marla, age 22, plans to work full time while completing her college degree in a nearby city.

**RENT**

**BUY**

**DEPENDS**

2. Bill, age 44, travels out of town frequently for his sales job. His company may transfer him to another sales territory within a year or two.

**RENT**

**BUY**

**DEPENDS**

3. Craig, age 32, recently completed his master's degree in business while working at the same company for the past six years. He has also been able to save nearly \$8,000 over this time period.

**RENT**

**BUY**

**DEPENDS**

4. Jess, age 19, has just taken her first job as a sales representative trainee for a computer software company.

**RENT**

**BUY**

**DEPENDS**

5. Barb and Frank, ages 54 and 57, are planning to retire within the next few years.

**RENT**

**BUY**

**DEPENDS**

name: \_\_\_\_\_

date: \_\_\_\_\_



# conducting a home inspection

---



Based on your personal observations of homes, interviews with homeowners and real estate agents, and Internet research, list several items to consider when conducting an inspection before deciding to buy a home.

## **exterior facilities:**

1.

2.

3.

## **exterior construction:**

1.

2.

3.

## **interior construction:**

1.

2.

3.

## **interior design:**

1.

2.

3.

name: \_\_\_\_\_

date: \_\_\_\_\_



## shopping for a mortgage

Use the following form to compare two or more sources of home mortgages:

<b>Type of mortgage:</b> (conventional, adjustable rate)		
<b>Length:</b> (# years)		
<b>Mortgage amount:</b>		
<b>Financial Institution:</b> (address, phone)		
<b>Contact person:</b>		
<b>Web site:</b>		
<b>Application fee:</b>		
<b>Credit report:</b>		
<b>Appraisal fee:</b>		
<b>Loan origination fee:</b>		
<b>Interest rate:</b>		
<b>Monthly payment:</b>		
<b>Points:</b>		
<b>Other fees, charges</b> (prepaid interest):		
<b>Other information:</b>		

name: \_\_\_\_\_

date: \_\_\_\_\_



## computing mortgage payments

Using the following mortgage payment factors, calculate the monthly mortgage payment for the following situations.

### mortgage payment factors

(principal and interest factors per \$1,000 of loan amount)

Term Rate	30 Years	25 Years	20 Years	15 Years
6.0%	\$6.00	\$6.44	\$7.16	\$8.43
6.5	6.32	6.67	7.45	8.71
7.0	6.65	7.06	7.75	8.98
7.5	6.99	7.39	8.06	9.27
8.0	7.34	7.72	8.36	9.56
8.5	7.69	8.05	8.68	9.85
9.0	8.05	8.39	9.00	10.14
9.5	8.41	8.74	9.32	10.44
10.0	8.78	9.09	9.65	10.75
10.5	9.15	9.44	9.98	11.05
11.0	9.52	9.80	10.32	11.37
11.5	9.90	10.16	10.66	11.68
12.0	10.29	10.53	11.01	12.00
12.5	10.67	10.90	11.36	12.33
13.0	11.06	11.28	11.72	12.65
13.5	11.45	11.66	12.07	12.98
14.0	11.85	12.04	12.44	13.32
14.5	12.25	12.42	12.80	13.66
15.0	12.64	12.81	13.17	14.00

**Example: A 30-year mortgage at 9 percent for \$80,000.**

**Calculations: \$8.05 from table times 80 (for \$80,000) equals \$644**

1. A 15-year mortgage at 8.5 percent for \$75,000. \_\_\_\_\_
2. A 30-year mortgage at 8 percent for \$95,000. \_\_\_\_\_
3. A 20-year mortgage at 7 percent for \$155,000. \_\_\_\_\_
4. A 30-year mortgage at 7.5 percent for \$60,000. \_\_\_\_\_



## computing mortgage payments answer key

Using the following mortgage payment factors, calculate the monthly mortgage payment for the following situations.

### mortgage payment factors

(principal and interest factors per \$1,000 of loan amount)

Term Rate	30 Years	25 Years	20 Years	15 Years
6.0%	\$6.00	\$6.44	\$7.16	\$8.43
6.5	6.32	6.67	7.45	8.71
7.0	6.65	7.06	7.75	8.98
7.5	6.99	7.39	8.06	9.27
8.0	7.34	7.72	8.36	9.56
8.5	7.69	8.05	8.68	9.85
9.0	8.05	8.39	9.00	10.14
9.5	8.41	8.74	9.32	10.44
10.0	8.78	9.09	9.65	10.75
10.5	9.15	9.44	9.98	11.05
11.0	9.52	9.80	10.32	11.37
11.5	9.90	10.16	10.66	11.68
12.0	10.29	10.53	11.01	12.00
12.5	10.67	10.90	11.36	12.33
13.0	11.06	11.28	11.72	12.65
13.5	11.45	11.66	12.07	12.98
14.0	11.85	12.04	12.44	13.32
14.5	12.25	12.42	12.80	13.66
15.0	12.64	12.81	13.17	14.00

**Example: A 30-year mortgage at 9 percent for \$80,000.**

**Calculations: \$8.05 from table times 80 (for \$80,000) equals \$644**

1. A 15-year mortgage at 8.5 percent for \$75,000.  $\underline{\$9.85 \times 75 = \$738.75}$
2. A 30-year mortgage at 8 percent for \$95,000.  $\underline{\$7.34 \times 95 = \$697.30}$
3. A 20-year mortgage at 7 percent for \$155,000.  $\underline{\$7.75 \times 155 = \$1,201.25}$
4. A 30-year mortgage at 7.5 percent for \$60,000.  $\underline{\$6.99 \times 60 = \$419.40}$

name: \_\_\_\_\_

date: \_\_\_\_\_



## lesson three quiz: buying a home

---

### true-false

1. \_\_\_\_\_ A main advantage of renting is pride of ownership.
2. \_\_\_\_\_ Buying a home will usually have fewer costs than renting.
3. \_\_\_\_\_ The home buying process ends with closing the purchase transaction.
4. \_\_\_\_\_ A larger down payment will reduce the amount of the mortgage needed.
5. \_\_\_\_\_ Conventional mortgages usually have a rate that changes as market interest rates change.

### multiple choice

6. \_\_\_\_\_ A common disadvantage of buying a home is:
  - A. few financial benefits.
  - B. limited mobility.
  - C. restrictions on decorating and having pets.
  - D. conditions in the lease.
7. \_\_\_\_\_ The home buying process starts with:
  - A. locating and evaluating a home.
  - B. pricing the property.
  - C. determining homeownership needs.
  - D. obtaining an appraisal of the property.
8. \_\_\_\_\_ The amount of a mortgage a person can afford is affected by:
  - A. the location of the house.
  - B. her or his income.
  - C. the cost of insurance.
  - D. his or her age.
9. \_\_\_\_\_ A \_\_\_\_\_ mortgage has a very large final payment.
  - A. conventional
  - B. graduated-payment
  - C. shared-appreciation
  - D. balloon
10. \_\_\_\_\_ The charges for settling a real estate transaction are also called \_\_\_\_\_ costs.
  - A. mortgage
  - B. closing
  - C. possession
  - D. selling

### case application

Roberto and Shelly have been able to save \$7,000 for a down payment on a house. Roberto would like to buy a large home that is a long drive from their jobs. Shelly would like a small townhouse near their work. What factors should they consider when buying a home?

# lesson three quiz: buying a home answer key



## true-false

1.   t   A main advantage of renting is pride of ownership.
2.   f   Buying a home will usually have fewer costs than renting.
3.   t   The home buying process ends with closing the purchase transaction.
4.   t   A larger down payment will reduce the amount of the mortgage needed.
5.   f   Conventional mortgages usually have a rate that changes as market interest rates change.

## multiple choice

6.   B   A common disadvantage of buying a home is:  
A. few financial benefits.  
B. limited mobility.  
C. restrictions on decorating and having pets.  
D. conditions in the lease.
7.   C   The home buying process starts with:  
A. locating and evaluating a home.  
B. pricing the property.  
C. determining homeownership needs.  
D. obtaining an appraisal of the property.
8.   B   The amount of a mortgage a person can afford is affected by:  
A. the location of the house.  
B. her or his income.  
C. the cost of insurance.  
D. his or her age.
9.   D   A \_\_\_\_\_ mortgage has a very large final payment.  
A. conventional  
B. graduated-payment  
C. shared-appreciation  
D. balloon
10.   B   The charges for settling a real estate transaction are also called \_\_\_\_\_ costs.  
A. mortgage  
B. closing  
C. possession  
D. selling

## case application

Roberto and Shelly have been able to save \$7,000 for a down payment on a house. Roberto would like to buy a large home that is a long drive from their jobs. Shelly would like a small townhouse near their work. What factors should they consider when buying a home?

*They should start with how much they are able to afford. Next, they should consider the location where they would like to live. In addition, they should investigate various sources and types of mortgages.*

# lesson four

---

about credit



**student activities**

name: \_\_\_\_\_

date: \_\_\_\_\_



## should they use credit?

---



### directions

For each of the following situations, circle **YES**, **NO**, or **DEPENDS** to indicate your opinion related to this person using credit. Also, give reasons for your response.

1. Marge, age 18, plans to buy a car on credit so that she is able to drive to school.

**YES**

**NO**

**DEPENDS**

2. Fran and Bud recently took out a loan for a new roof.

**YES**

**NO**

**DEPENDS**

3. Edgar, age 20, recently used his credit card to pay for textbooks for his new semester of classes.

**YES**

**NO**

**DEPENDS**

4. Marcia, age 28, charges all her groceries on her credit card.

**YES**

**NO**

**DEPENDS**

5. Sandy and Carla, age 24 and 27, are planning on buying a boat on credit for use during summers. Carla will be the main signer for the loan, with Sandy being the co-signer.

**YES**

**NO**

**DEPENDS**



## should they use credit? answer key

---



### directions

For each of the following situations, circle **YES**, **NO**, or **DEPENDS** to indicate your opinion related to this person using credit. Also, give reasons for your response.

*Answers may vary*

1. Marge, age 18, plans to buy a car on credit so that she is able to drive to school.

YES

NO

**DEPENDS**

2. Fran and Bud recently took out a loan for a new roof.

**YES**

NO

DEPENDS

3. Edgar, age 20, recently used his credit card to pay for textbooks for his new semester of classes.

**YES**

NO

DEPENDS

4. Marcia, age 28, charges all her groceries on her credit card.

YES

**NO**

DEPENDS

5. Sandy and Carla, age 24 and 27, are planning on buying a boat on credit for use during summers. Carla will be the main signer for the loan, with Sandy being the co-signer.

YES

NO

**DEPENDS**

name: \_\_\_\_\_

date: \_\_\_\_\_



## test your credit knowledge

---

The following questions are designed to help you remember the credit information just covered in class.



### directions

In the spaces provided, answer each of the following questions about credit.

List five things you can do to build a credit history.

- 1.
- 2.
- 3.
- 4.
- 5.

When a prospective creditor evaluates a credit application, they look for the three C's: Character, Capital, and Capacity. For each of the following statements, write the letter that corresponds to each statement's specific characteristic.

a) Character

b) Capital

c) Capacity

6. \_\_\_\_ Do you have a savings account?
7. \_\_\_\_ Have you used credit before?
8. \_\_\_\_ How long have you lived at your present address?
9. \_\_\_\_ Do you have a steady job?
10. \_\_\_\_ Do you pay your bills on time?
11. \_\_\_\_ What are your current debts and your current living expenses?

List the four major categories of information that appear on a credit report.

- 12.
- 13.
- 14.
- 15.

## test your credit knowledge (continued)

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In the space provided, write the letter of the type of credit each statement represents.

a) Single payment credit

b) Installment credit

c) Revolving credit

16. \_\_\_\_\_ Monthly payment on a car loan
17. \_\_\_\_\_ Monthly telephone bill
18. \_\_\_\_\_ Monthly heating bill
19. \_\_\_\_\_ Using a credit card to buy a new jacket from a department store and then paying the charge off over several months
20. \_\_\_\_\_ Using a major credit card to buy a pair of shoes and then paying the total amount of the credit card balance within a month

For each of the following statements, write a **T** in the space provided if the statement is true, and **F** in the space provided if the statement is false.

21. \_\_\_\_\_ It is legal for a creditor to deny an applicant credit based on marital status or age.
22. \_\_\_\_\_ If you are denied credit, the creditor is not legally obligated to explain why.
23. \_\_\_\_\_ When creditors evaluate your income, they can't legally refuse to consider income from public assistance in the same manner as other income.
24. \_\_\_\_\_ If you are refused credit because of a credit report, upon request from you, the lender must give you the name and address of the credit bureau that issued the report.
25. \_\_\_\_\_ Your credit report is available to anyone, regardless of the reason.
26. \_\_\_\_\_ A debt collector has the right to contact you at any time of day or night.
27. \_\_\_\_\_ To be within a safe debt load, your total credit should not exceed 50% of your net pay after subtracting rent.
28. What should you do if you find there is inaccurate information on your credit report?
29. Generally, how long can a consumer reporting agency report unfavorable information?
30. How long can bankruptcy information be reported by a consumer reporting agency?



## test your credit knowledge answer key

---

The following questions are designed to help you remember the credit information just covered in class.



### directions

In the spaces provided, answer each of the following questions about credit.

List five things you can do to build a credit history.

- *Establish a steady work record.*
- *Pay all bills promptly.*
- *Open a checking account and don't bounce checks.*
- *Open a savings account and make regular monthly payments.*
- *Apply for a small loan using your savings account for collateral and then pay it back as agreed.*
- *Get a co-signer for a loan and pay back the loan as agreed.*

When a prospective creditor evaluates a credit application, they look for the three C's: Character, Capital, and Capacity. **For each of the following statements, write the letter that corresponds to each statement's specific characteristic.**

a) Character

b) Capital

c) Capacity

6.   **b**   Do you have a savings account?
7.   **a**   Have you used credit before?
8.   **a**   How long have you lived at your present address?
9.   **c**   Do you have a steady job?
10.   **a**   Do you pay your bills on time?
11.   **c**   What are your current debts and your current living expenses?

List the four major categories of information that appear on a credit report.

12. *Identification and employment data*
13. *Payment history*
14. *Inquiries*
15. *Public record information*

# test your credit knowledge answer key

---

In the space provided, write the letter of the type of credit each statement represents.

a) Single-payment credit      b) Installment credit      c) Revolving credit

16.   **b**   Monthly payment on a car loan
17.   **a**   Monthly telephone bill
18.   **a**   Monthly heating bill
19.   **c**   Using a credit card to buy a new jacket from a department store and then paying the charge off over several months
20.   **a**   Using a major credit card to buy a pair of shoes and then paying the total amount of the credit card balance within a month

For each of the following statements, write a **T** in the space provided if the statement is true, and **F** in the space provided if the statement is false.

21.   **f**   It is legal for a creditor to deny an applicant credit based on marital status or age.
22.   **f**   If you are denied credit, the creditor is not legally obligated to explain why.
23.   **t**   When creditors evaluate your income, they can't legally refuse to consider income from public assistance in the same manner as other income.
24.   **t**   If you are refused credit because of a credit report, upon request from you, the lender must give you the name and address of the credit bureau that issued the report.
25.   **f**   Your credit report is available to anyone, regardless of the reason.
26.   **f**   A debt collector has the right to contact you at any time of day or night.
27.   **t**   To be within a safe debt load, your total credit should not exceed 50% of your net pay after subtracting rent.
28. What should you do if you find there is inaccurate information on your credit report?  
*Contact the credit bureau. Under the Fair Credit Reporting Act, the credit bureau must investigate your report.*
29. Generally, how long can a consumer reporting agency report unfavorable information?  
*7 years*
30. How long can bankruptcy information be reported by a consumer reporting agency?  
*Up to 10 years*

name: \_\_\_\_\_

date: \_\_\_\_\_



## how much can they safely carry?

---

Most people can afford a certain amount of credit and stay within a safe budget. This amount is called a “safe debt load.” The following exercises will give you practice determining safe debt loads based on various incomes and fixed expenses.



### directions

Read each of the following scenarios and determine the largest amount of debt each person can safely carry. **Write your answers in the blanks provided. Use the space below each question to show how you arrived at each answer.**

1. David has a monthly net income of \$1,360. His fixed monthly expenses consist of a rent payment of \$450. He is paying off a student loan of \$116 per month.

David would like to buy a new television set using a credit card. What is the largest monthly payment David can afford for the television set so that his credit card payments and student loan keep him within a safe debt load of 20%?

2. Marsha and Michael have a combined monthly net income of \$3,500. Their fixed monthly expenses consist of \$675 for rent. They also have an outstanding student loan balance of \$6,000 and a balance of \$1,000 for the stereo they bought last month.

How much more debt can they take on and still be within a safe debt load?

3. Juanita has a monthly net income of \$2,500. Her fixed monthly expenses consist of \$500 for rent. She also pays a car insurance premium of \$68 and a car payment of \$167. Are these payments within Juanitia’s safe debt load?



## how much can they safely carry? answer key

---

Most people can afford a certain amount of credit and stay within a safe budget. This amount is called a “safe debt load.” The following exercises will give you practice determining safe debt loads based on various incomes and fixed expenses.



### directions

Read each of the following scenarios and determine the largest amount of debt each person can safely carry. **Write your answers in the blanks provided. Use the space below each question to show how you arrived at each answer.**

1. David has a monthly net income of \$1,360. His fixed monthly expenses consist of a rent payment of \$450. He is paying off a student loan of \$116 per month.

David would like to buy a new television set using a credit card. What is the largest monthly payment David can afford for the television set so that his credit card payments and student loan keep him within a safe debt load of 10%?

*\$20.00*

$$\begin{aligned} \$1,360 \times 10\% &= \$136 \\ \$136 - \$116 &= \$20 \end{aligned}$$

2. Marsha and Michael have a combined monthly net income of \$3,500. Their fixed monthly expenses consist of \$675 for rent. They also have an outstanding student loan balance of \$6,000 and a balance of \$1,000 for the stereo they bought last month.

How much more debt can they take on and still be within a safe debt load?

*\$1400.00*

$$\begin{aligned} \$3,500 \times 12 &= \$42,000 \\ \$42,000 \times 20\% &= \$8,400 \\ \$8,400 - \$6,000 - \$1,000 &= \$1,400 \end{aligned}$$

3. Juanita has a monthly net income of \$1,625. Her fixed monthly expenses consist of \$500 for rent. She also pays a car insurance premium of \$68 and a car payment of \$167. Are these payments within Juanitia’s safe debt load?

*Yes*

$$\begin{aligned} \$2,500 \times 10\% &= \$250 \\ \$250 - \$167 - \$68 &= \$15 \end{aligned}$$



## lesson four quiz: about credit

---

### true-false

1. \_\_\_\_\_ A disadvantage of using credit is impulse buying.
2. \_\_\_\_\_ Capital refers to a person's assets.
3. \_\_\_\_\_ A steady employment record helps a person's credit history.
4. \_\_\_\_\_ Installment credit usually allows a person to make additional purchases on an account.
5. \_\_\_\_\_ Using the 20-10 rule, a person making \$40,000 a year after taxes should have no more than \$8,000 of outstanding debt.

### multiple choice

- |   |   |
|---|---|
| <p>6. _____ A common advantage of using credit is:</p> <ul style="list-style-type: none"><li>A. less impulse buying.</li><li>B. lower cost for items purchased.</li><li>C. ability to obtain needed items now.</li><li>D. lower chance of overspending.</li></ul> <p>7. _____ A person's regular income is referred to as:</p> <ul style="list-style-type: none"><li>A. character.</li><li>B. capital.</li><li>C. collateral.</li><li>D. capacity.</li></ul> <p>8. _____ To build a credit history, a person could:</p> <ul style="list-style-type: none"><li>A. establish a steady employment record.</li><li>B. file his or her federal income taxes on time.</li><li>C. use an ATM several times a month.</li><li>D. request to view her or his credit file.</li></ul> | <p>9. _____ Utility companies and medical service organizations commonly offer _____ credit.</p> <ul style="list-style-type: none"><li>A. revolving</li><li>B. single-payment</li><li>C. installment</li><li>D. retail</li></ul> <p>10. _____ Using the 20-10 rule, a person earning \$1,500 a month should not have monthly credit payments that exceed:</p> <ul style="list-style-type: none"><li>A. \$300</li><li>B. \$150</li><li>C. \$20</li><li>D. \$30</li></ul> |
|---|---|

### case application

Ana Gonzalez is considering a loan to finance her college education. She currently owes money on several charge accounts and credit cards. What actions would you recommend?

# lesson four quiz: about credit answer key



## true-false

1. t A disadvantage of using credit is impulse buying.
2. t Capital refers to a person's assets.
3. t A steady employment record helps a person's credit history.
4. f Installment credit usually allows a person to make additional purchases on an account.
5. t Using the 20-10 rule, a person making \$40,000 a year after taxes should have no more than \$8,000 of outstanding debt.

## multiple choice

6. C A common advantage of using credit is:
  - A. less impulse buying.
  - B. lower cost for items purchased.
  - C. ability to obtain needed items now.
  - D. lower chance of overspending.
7. D A person's regular income is referred to as:
  - A. character.
  - B. capital.
  - C. collateral.
  - D. capacity.
8. A To build a credit history, a person could:
  - A. establish a steady employment record.
  - B. file his or her federal income taxes on time.
  - C. use an ATM several times a month.
  - D. request to view her or his credit file.
9. B Utility companies and medical service organizations commonly offer \_\_\_\_\_ credit.
  - A. revolving
  - B. single-payment
  - C. installment
  - D. retail
10. A Using the 20-10 rule, a person earning \$1,500 a month should not have monthly credit payments that exceed:
  - A. \$300
  - B. \$150
  - C. \$20
  - D. \$30

## case application

Ana Gonzalez is considering a loan to finance her college education. She currently owes money on several charge accounts and credit cards. What actions would you recommend?

*While this is a valid reason for using credit, Ana might consider paying off some of her other debts before taking on this new loan. She might delay starting school full time until she has paid off her other accounts.*

# lesson five

---

credit cards



student activities

name: \_\_\_\_\_

date: \_\_\_\_\_



## shopping for credit

---

Credit card costs and features can vary greatly. This exercise will give you a chance to shop for and compare the costs and features of three credit cards.



### directions

Using the attached form, research the costs and features of:

- Two major credit cards; and
- One credit card from a department store.

When you're done, answer the following questions.

### what did you find?

1. Which credit card has the highest annual percentage rate and how much is it?
2. What method is used to calculate the monthly finance charge for the first major credit card?
3. When does the finance charge begin to accrue on the credit card from the local department store?
4. Do any of the cards have annual fees?  
If so, which one(s) and how much is the fee?
5. Is there a transaction fee on any card?  
If so, how much is it?
6. Is there a minimum finance charge on either of the major credit cards?  
If so, how much is it?
7. Does the first major credit card charge a fee for late payments?  
If so, how much is it?
8. What is the grace period on the credit card from the local department store?
9. Rafael wants to buy a new CD player that costs \$450. According to his budget, he can afford payments up to \$62.00 per month. Which of the three credit cards you've found would you recommend that Rafael use to purchase the CD player?  
Why?

## shopping for credit (continued)

---

use the following form to compare two or more credit cards:

	card one	card two
Type of account: Credit card Charge card		
Company name, address, phone		
Web site		
Locations where card is accepted		
Annual fee (if any)		
Grace period		
Annual Percentage Rate (APR)		
Finance charge calculation method		
Credit limit		
Minimum payment		
Other fees: Late payment		
Other features		

name: \_\_\_\_\_

date: \_\_\_\_\_



## the statement

---

A credit card statement provides information such as how and when you've used your credit card, how much you owe, how much interest you're paying to use the card, how much your minimum payment is, and how much credit you have left.

Knowing how to read your credit card statement can also help you catch unauthorized charges and/or billing errors.

So, it can pay to know how to read the statement!



### **directions**

Use the credit card statement below to answer these questions:

1. What is the date of the statement?
2. What is the Annual Percentage Rate (APR)?
3. What is the corresponding periodic rate?
4. What is the new balance?
5. What was the previous balance?
6. How many charges were made during the billing cycle?
7. How many credits and payments were made during the billing cycle?
8. Were there any charges for late payments?  
If so, how much were the charges?
9. What is the total amount of the credit line?
10. What is the total amount of available credit?
11. What is the total amount of charges made during the current billing period?
12. Was there a finance charge for the current billing cycle?  
If so, how much were the charges?
13. What is the account number on the statement?
14. Where should the payment be sent?
15. What is the periodic rate for cash advances?

# the statement (continued)



## CREDIT CARD STATEMENT

SEND PAYMENT TO  
Box 1234  
Anytown, USA

**ACCOUNT NUMBER** 4125-239-412      **NAME** John Doe      **STATEMENT DATE** 2/13/01      **PAYMENT DUE DATE** 3/09/01

**CREDIT LINE** \$1200.00      **CREDIT AVAILABLE** \$1074.76      **NEW BALANCE** \$125.24      **MINIMUM PAYMENT DUE** \$20.00

REFERENCE	SOLD	POSTED	ACTIVITY SINCE LAST STATEMENT	AMOUNT
483GE7382		1/25	PAYMENT THANK YOU	-168.80
32F349ER3	1/12	1/15	RECORD RECYCLER ANYTOWN USA	14.83
89102DIS2	1/13	1/15	BEEFORAMA REST ANYTOWN USA	30.55
NX34FJD32	1/18	1/18	GREAT EXPECTORATIONS BIG CITY USA	27.50
84RT3293A	1/20	1/21	DINO-GEL PETROLEUM ANYTOWN USA	12.26
873DWS321	2/09	2/09	SHIRTS 'N SUCH TINYVILLE USA	40.10

<b>Previous Balance</b>	(+)	168.80	<b>Current Amount Due</b>	125.24
<b>Purchases</b>	(+)	125.24	<b>Amount Past Due</b>	
<b>Cash Advances</b>	(+)		<b>Amount Over Credit Line</b>	
<b>Payments</b>	(-)	168.80	<b>Minimum Payment Due</b>	20.00
<b>Credits</b>	(-)			
<b>FINANCE CHARGES</b>	(+)			
<b>Late Charges</b>	(+)			
<b>NEW BALANCE</b>	(=)	125.24		

<b>FINANCE CHARGE SUMMARY</b>	<b>PURCHASES</b>	<b>ADVANCES</b>	<b>For Customer Service Call:</b> 1-800-XXX-XXXX
Periodic Rate	1.65%	0.54%	<b>For Lost or Stolen Card, Call:</b> 1-800-XXX-XXXX
Annual Percentage Rate	19.80%	6.48%	24-Hour Telephone Numbers

Please make check or money order payable to Your First Bank. Include account number on front.



A credit card statement provides information such as how and when you've used your credit card, how much you owe, how much interest you're paying to use the card, how much your minimum payment is, and how much credit you have left.

Knowing how to read your credit card statement can also help you catch unauthorized charges and/or billing errors.

So, it can pay to know how to read the statement!



### directions

Use the credit card statement on the following page to answer these questions:

1. What is the date of the statement? *2/13/01*
2. What is the Annual Percentage Rate (APR)? *19.8%*
3. What is the corresponding periodic rate? *1.65%*
4. What is the new balance? *\$125.24*
5. What was the previous balance? *\$168.80*
6. How many charges were made during the billing cycle? *Five*
7. How many credits and payments were made during the billing cycle? *One*
8. Were there any charges for late payments? *No*  
If so, how much were the charges? *None*
9. What is the total amount of the credit line? *\$1,200*
10. What is the total amount of available credit? *\$1,074.76*
11. What is the total amount of charges made during the current billing period? *\$125.24*
12. Was there a finance charge for the current billing cycle? *No*  
If so, how much were the charges? *None*
13. What is the account number on the statement? *4125-239-412*
14. Where should the payment be sent? *Box 1234, Anytown, USA*
15. What is the periodic rate for cash advances? *0.054%*

name: \_\_\_\_\_

date: \_\_\_\_\_



## how much does it really cost?

---



### directions

Answer the following questions. You'll see for yourself how much items bought with credit can actually cost.

### questions

**José wants to buy a stereo for \$650 and pay for it using a credit card that has an Annual Percentage Rate of 19.85% and a periodic interest rate of 1.65%.**

**If José pays the minimum monthly payment of \$21.45:**

1. How long will it take him to pay for the stereo?
2. What is the total amount José will pay for the stereo?
3. What is José's total cost of using credit?

**If José makes monthly payments of \$60:**

4. How many months will it take for José to pay off the stereo?
5. What is the total amount José will pay for the stereo?
6. What is José's total cost of using credit?

**Patty took a cash advance of \$1,500. Her new credit card, as a special promotion, charges an Annual Percentage Rate of 5.9% and a periodic interest rate of .4917% for the first six months. After the first six months, an Annual Percentage Rate of 21% and a periodic interest rate of 1.75% apply. The transaction fee for cash advances is 3% of the cash advance with a minimum fee of \$5.00 and a maximum fee of \$35.00.**

**If Patty makes monthly payments of \$60.50:**

7. How long will it take Patty to pay for the cash advance?
8. What is the total amount Patty will end up paying for the cash advance?
9. How much interest and fees will Patty pay?

**If Patty pays the cash advance back at a rate of \$120 per month:**

10. How long will it take Patty to pay for the cash advance?
11. What is the total amount Patty will end up paying for the cash advance?
12. How much interest and fees will Patty pay?

## how much does it really cost? (continued)

---

Marie just used her new credit card to buy a bike for \$400. Her budget allows her to pay no more than \$25 each month on her credit card. Marie has decided not to use the credit card again until the bike is paid off. The credit card she used has an Annual Percentage Rate of 21% and a periodic interest rate of 1.75%.

**If Marie pays \$25 each month on her credit card:**

13. How long will it take Marie to pay for the bike?
14. What is the total amount Marie will end up paying for the bike?
15. How much interest will Marie pay for using her credit card to buy the bike?

**If Marie pays the minimum payment of \$14 each month:**

16. How long will it take Marie to pay for the bike?
17. What is the total amount Marie will end up paying for the bike?
18. How much interest will Marie pay for using her credit card to buy the bike?

Gary has just used his credit card to buy a new watch. He got the watch on sale for \$235. The regular price was \$290. He used a credit card that has an Annual Percentage Rate of 20% and a periodic interest rate of 1.67%.

**If Gary makes the minimum monthly payment each month of \$10:**

19. How much will Gary end up paying for his new watch?
20. How long will it take Gary to pay for his watch?
21. What is the total amount of interest Gary will end up paying?

**If Gary pays \$25 each month, instead of the minimum monthly payment of \$10 each month:**

22. How much will Gary end up paying for his new watch?
23. How long will it take Gary to pay for his watch?
24. What is the total amount of interest Gary will end up paying?



# how much does it really cost? answer key

---



## directions

Answer the following questions. You'll see for yourself how much items bought with credit can actually cost.

## questions

José wants to buy a stereo for \$650 and pay for it using a credit card that has an Annual Percentage Rate of 19.85% and a periodic interest rate of 1.65%.

**If José pays the minimum monthly payment of \$21.45:**

1. How long will it take him to pay for the stereo? *42 months*
2. What is the total amount José will pay for the stereo? *\$887.44\**
3. What is José's total cost of using credit? *\$237.44\**

**If José makes monthly payments of \$60:**

4. How many months will it take for José to pay off the stereo? *12 months*
5. What is the total amount José will pay for the stereo? *\$709.14*
6. What is José's total cost of using credit? *\$59.14*

Patty took a cash advance of \$1,500. Her new credit card, as a special promotion, charges an Annual Percentage Rate of 5.9% and a periodic interest rate of .4917% for the first six months. After the first six months, an Annual Percentage Rate of 21% and a periodic interest rate of 1.75% apply. The transaction fee for cash advances is 3% of the cash advance with a minimum fee of \$5.00 and a maximum fee of \$35.00.

**If Patty makes monthly payments of \$60.50:**

7. How long will it take Patty to pay for the cash advance? *31 months*
8. What is the total amount Patty will end up paying for the cash advance? *\$1,870.52*
9. How much interest and fees will Patty pay? *\$370.52*

**If Patty pays the cash advance back at a rate of \$120 per month:**

10. How long will it take Patty to pay for the cash advance? *14 months*
11. What is the total amount Patty will end up paying for the cash advance? *\$1,637.87*
12. How much interest and fees will Patty pay? *\$137.87*

## how much does it really cost? answer key

---

Marie just used her new credit card to buy a bike for \$400. Her budget allows her to pay no more than \$25 each month on her credit card. Marie has decided not to use the credit card again until the bike is paid off. The credit card she used has an Annual Percentage Rate of 21% and a periodic interest rate of 1.75%.

**If Marie pays \$25 each month on her credit card:**

13. How long will it take Marie to pay for the bike? *19 months*
14. What is the total amount Marie will end up paying for the bike? *\$463.83\**
15. How much interest will Marie pay for using her credit card to buy the bike? *\$63.83\**

**If Marie pays the minimum payment of \$14 each month:**

16. How long will it take Marie to pay for the bike? *39 months*
17. What is the total amount Marie will end up paying for the bike? *\$545.60*
18. How much interest will Marie pay for using her credit card to buy the bike? *\$145.60*

Gary has just used his credit card to buy a new watch. He got the watch on sale for \$235. The regular price was \$290. He used a credit card that has an Annual Percentage Rate of 20% and a periodic interest rate of 1.67%.

**If Gary makes the minimum monthly payment each month of \$10:**

19. How much will Gary end up paying for his new watch? *\$294.35\**
20. How long will it take Gary to pay for his watch? *30 months*
21. What is the total amount of interest Gary will end up paying? *\$59.36\**

**If Gary pays \$25 each month, instead of the minimum monthly payment of \$10 each month:**

22. How much will Gary end up paying for his new watch? *\$253.14\**
23. How long will it take Gary to pay for his watch? *11 months*
24. What is the total amount of interest Gary will end up paying? *\$18.14\**

*\* Note: These answers are due to approximate rounding.*

name: \_\_\_\_\_

date: \_\_\_\_\_



## how deep can they go?

---



### directions

Read each of the following scenarios and determine if the purchase can be made and how the decision will affect the credit load.

Write your answers in the blanks provided. Use the space below each problem to show how you arrived at your answer. (Use the other side of this paper if you need more room.)

1. Nancy and Thomas have a combined monthly net income of \$1,200.  
What is the most they can afford to pay for installment and credit card debt?
  
2. Jessie has a monthly net income of \$800. His fixed monthly expenses consist of \$150 for rent. He currently pays \$80 each month for a credit card bill, and now he wants to buy a car.  
What does Jessie have left in his budget for a car payment to stay within his safe debt load?
  
3. Carla has a monthly net income of \$450. She wants to buy a new bike and pay for it using a credit card.  
What is the largest monthly payment she can commit to making?
  
4. Jorge has a monthly net income of \$640. His fixed monthly expense consist of a rent payment of \$120. (A) Right now, how much can he afford to borrow to stay within his safe debt load?  
He also has a car payment of \$125 per month. Jorge wants to buy new tires for his car. The tires will cost him \$40 each month on his credit card.  
(B) With his car payment and the new tires, will he still be within his safe debt load?  
(C) What percentage of his net income, after rent, will he now have committed to debt payments?



## how deep can they go? answer key

---



### directions

Read each of the following scenarios and determine if the purchase can be made and how the decision will affect the credit load.

Write your answers in the blanks provided. Use the space below each problem to show how you arrived at your answer. (Use the other side of this paper if you need more room.)

1. Nancy and Thomas have a combined monthly net income of \$1,200.

What is the most they can afford to pay for installment and credit card debt?

**\$240.00**

$$\$1,200 \times 10\% = \$120$$

2. Jessie has a monthly net income of \$800. His fixed monthly expenses consist of \$150 for rent. He currently pays \$80 each month for a credit card bill, and now he wants to buy a car.

What does Jessie have left in his budget for a car payment to stay within his safe debt load?

**\$0**

$$\$800 \times 10\% = \$80$$

$$\$80 - \$80 = \$0$$

3. Carla has a monthly net income of \$450. She wants to buy a new bike and pay for it using a credit card.

What is the largest monthly payment she can commit to making?

**\$45**

$$\$450 \times 10\% = \$45$$

4. Jorge has a monthly net income of \$640. His fixed monthly expense consist of a rent payment of \$120. (A) Right now, how much can he afford to borrow to stay within his safe debt load?

He also has a car payment of \$125 per month. Jorge wants to buy new tires for his car. The tires will cost him \$40 each month on his credit card.

(B) With his car payment and the new tires, will he still be within his safe debt load?

(C) What percentage of his net income, after rent, will he now have committed to debt payments?

$$(A) \$640 \times 12 = \$7,680$$

$$\$7,680 \times 20\% = \$1,536$$

$$(B) \$640 \times 10\% = \$64$$

$$\$125 + \$40 = \$165$$

$$\$165 / \$640 = 26\%$$

No - 26% is over safe debt load.

(C) **26%**

name: \_\_\_\_\_

date: \_\_\_\_\_



## lesson five quiz: credit cards

---

### true-false

1. \_\_\_\_\_ A proprietary credit card is usually accepted by one type of store or company.
2. \_\_\_\_\_ The average daily balance method of calculating interest is based on the opening balance of the account for the previous month.
3. \_\_\_\_\_ The annual fee for a credit card is set by the government.
4. \_\_\_\_\_ APR measures the interest rate charged by a credit card.
5. \_\_\_\_\_ If someone uses your lost or stolen credit card, you are liable for no more than \$50.

### multiple choice

6. \_\_\_\_\_ A credit card issued through a credit union would be an example of a \_\_\_\_\_ card.
  - A. bank
  - B. travel and entertainment
  - C. store
  - D. proprietary
7. \_\_\_\_\_ The grace period refers to the time:
  - A. taken to process a credit card application.
  - B. for paying an account without an interest charge.
  - C. allowed to notify a creditor of a billing error.
  - D. used for calculating interest.
8. \_\_\_\_\_ Comparing the APR among several credit cards allows you to obtain the:
  - A. longest grace period.
  - B. lowest annual fee.
  - C. lowest interest rate.
  - D. least expensive method of calculating interest.
9. \_\_\_\_\_ If a billing error occurs on a credit statement, a consumer has \_\_\_\_\_ days to notify the creditor.
  - A. 30
  - B. 60
  - C. 90
  - D. 120

### case application

Jack uses his credit card for almost all purchases. He charges gas purchases, clothing, food, and other living expenses. What is your opinion of this money management habit?

# lesson five quiz: credit cards answer key



## true-false

1. t A proprietary credit card is usually accepted by one type of store or company.
2. f The average daily balance method of calculating interest is based on the opening balance of the account for the previous month.
3. f The annual fee for a credit card is set by the government.
4. t APR measures the interest rate charged by a credit card.
5. t If someone uses your lost or stolen credit card, you are liable for no more than \$50.

## multiple choice

6. A A credit card issued through a credit union would be an example of a \_\_\_\_\_ card.  
A. bank  
B. travel and entertainment  
C. store  
D. proprietary
7. B The grace period refers to the time:  
A. taken to process a credit card application.  
B. for paying an account without an interest charge.  
C. allowed to notify a creditor of a billing error.  
D. used for calculating interest.
8. C Comparing the APR among several credit cards allows you to obtain the:  
A. longest grace period.  
B. lowest annual fee.  
C. lowest interest rate.  
D. least expensive method of calculating interest.
9. B If a billing error occurs on a credit statement, a consumer has \_\_\_\_\_ days to notify the creditor.  
A. 30  
B. 60  
C. 90  
D. 120

## case application

Jack uses his credit card for almost all purchases. He charges gas purchases, clothing, food, and other living expenses. What is your opinion of this money management habit?

*If Jack pays off his balances each month, his use of credit cards may be a convenient money management technique that provides complete records of all of his spending. However, if this habit results in overspending and paying more, due to interest, Jack needs to assess his financial activities.*

# lesson six

---

**cars and loans**



**student activities**

name: \_\_\_\_\_

date: \_\_\_\_\_



# the operating costs of a motor vehicle

**model year** \_\_\_\_\_

**make, size, model** \_\_\_\_\_

## fixed costs

<b>Depreciation:</b> Purchase price \$ _____ divided by estimated life _____ years	\$
<b>Annual interest on auto loan</b> (if applicable)	\$
<b>Annual insurance costs</b>	\$
<b>License, registration, taxes</b>	\$

## variable costs

<b>Gasoline:</b> estimated miles per year _____ divided by _____ miles per gallon times the average price of \$ _____ per gallon	\$
<b>Oil changes</b> for the year	\$
<b>Tires</b>	\$
<b>Maintenance, repairs</b>	\$
<b>Parking and tolls</b>	\$

**total costs** \$

**divided by miles per year**

**equals**

**cost per mile \$**

## part 2...

Based on business visits, phone calls, advertisements, and the Internet, obtain information for the cost of **(a)** an oil change, **(b)** a tune-up, **(c)** new brakes, **(d)** tires.



name: \_\_\_\_\_

date: \_\_\_\_\_



## shopping for a car loan

Amount of Loan \$ \_\_\_\_\_

Financial institution					
APR					
Length of loan					
Monthly payment					
Total finance charge					
Total to be repaid					



### directions

Pretend that you have decided to purchase a new car. Select the model you would like and find out what it costs. Then, shop around for the best car loan terms. Try several different institutions, such as a bank, a credit union, and a private moneylender.

When you have finished, look at your chart. Which loan would you take? What features make it more appealing than the others? Which institutions offered the best rates, and why do you think they did so?

name: \_\_\_\_\_

date: \_\_\_\_\_



# shopping for insurance

## minimum coverage required by state

Company 1 \_\_\_\_\_

Company 2 \_\_\_\_\_

Agent \_\_\_\_\_

Agent \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Phone \_\_\_\_\_

	Amount of Coverage	Premiums for Company 1	Premiums for Company 2
Bodily injury liability			
Property damage			
Personal injury protection (no-fault insurance states)			
Uninsured motorist			
Other			

## coverage you desire

	Amount of Coverage	Premiums for Company 1	Premiums for Company 2
Bodily injury liability			
Medical			
Property damage			
Personal injury protection (no-fault insurance states)			
Uninsured motorist			
Collision— \$250 deductible			
Collision— \$500 deductible			
Towing and labor			
Other			

## which company best suits your needs?

name: \_\_\_\_\_

date: \_\_\_\_\_



## how much would you spend?

---

### scenario 1

Manuel wants to buy a car. But before he goes shopping, he wants to know exactly how much he can afford to spend each month on owning, operating, and maintaining a car.

**Manuel's net monthly income is \$1,280. His fixed expenses are:**

- \$350 for rent

**His flexible monthly expenses are:**

- \$75 for savings
- \$25 for utilities
- \$185 for food
- \$35 for transportation (bus fare)
- \$150 for tuition and books
- \$40 for entertainment
- \$20 for personal items
- \$29 for household items

If Manuel gets a car, he expects to spend about \$40 a month on gas and oil, and about \$20 on parking and bridge tolls.

Manuel needs to have car insurance. He has shopped around and expects that a car insurance premium for the type and year of car he wants will cost about \$225 a month.



### directions

Use the attached budget sheet and Loan Calculator to complete the following chart and answer the following questions.

## how much would you spend? (continued)

---

### car for \$6,000 (Amount of loan: \$6,000)

---

APR:	10%
------	-----

---

Length of Loan:	60 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	14%
------	-----

---

Length of Loan:	60 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	12%
------	-----

---

Length of Loan:	60 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	16%
------	-----

---

Length of Loan:	60 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

### car for \$8,000 (Amount of loan: \$8,000)

---

APR:	10%
------	-----

---

Length of Loan:	60 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	14%
------	-----

---

Length of Loan:	60 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	12%
------	-----

---

Length of Loan:	60 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	16%
------	-----

---

Length of Loan:	60 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

## how much would you spend? (continued)

---

### car for \$10,000 (Amount of loan: \$10,000)

---

APR: 10%

---

Length of Loan: 60 months

---

Total Cost of Loan:

---

Monthly Payment:

---

Total Finance Charge:

---

---

APR: 14%

---

Length of Loan: 60 months

---

Total Cost of Loan:

---

Monthly Payment:

---

Total Finance Charge:

---

---

APR: 12%

---

Length of Loan: 60 months

---

Total Cost of Loan:

---

Monthly Payment:

---

Total Finance Charge:

---

---

APR: 16%

---

Length of Loan: 60 months

---

Total Cost of Loan:

---

Monthly Payment:

---

Total Finance Charge:

---

1. Which car can Manuel afford?
2. What are the terms of the loan that would allow Manuel to buy a car and still stay within his budget?
3. Using the column “How You’d Do It” on Manuel’s budget worksheet, figure how you would set up a budget if you had Manuel’s income and expenses.
4. What were the main differences between the budget you set up using Manuel’s income and expenses and the budget that was provided?

# how much would you spend? (continued)

## manuel's budget

income	scenario	how you'd do it	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>Total Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

## fixed expenses

Rent	\$	\$	\$
Car insurance	\$	\$	\$
Installment payments			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
<b>Total installment debt</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Percentage of net income</b>		%	%

## flexible expenses

Savings	\$	\$	\$
Utilities	\$	\$	\$
Food	\$	\$	\$
Transportation	\$	\$	\$
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
<b>Total Monthly Expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**total income - total expenses**    \$                                    \$                                    \$

name: \_\_\_\_\_

date: \_\_\_\_\_



## how much would you spend? (continued)

---

### scenario 2

Rose is thinking about buying a car. She has \$1,000 saved for a down payment. Before she goes shopping, she wants to know how much she can afford to spend each month on a car.

**Rose brings home \$926 each month from her first job, and \$974 from her second job. Her fixed expenses include:**

- \$250 for rent
- \$34 for a credit payment on some furniture she bought several months ago that has a total outstanding balance of \$540

**Her flexible monthly expenses are:**

- \$100 for savings
- \$20 for telephone
- \$175 for food
- \$45 for transportation (bus fare)
- \$70 for tuition
- \$20 for school supplies
- \$40 for clothing
- \$40 for entertainment
- \$20 for household supplies
- \$29 for personal items

If Rose gets a car, she expects to spend about \$60 a month on gas and oil, and about \$30 on parking and bridge tolls.

If Rose gets a car, she will need car insurance. She has done some research, and she expects her car insurance premium to be about \$175 a month.



### directions

Using the attached budget sheet and the computer-based activity “Comparing the True Cost of Loans,” complete the following chart. Then, answer the questions that follow.

## how much would you spend? (continued)

---

### car for \$4,000 (Amount of loan: \$3,000)

---

APR:	10%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	12%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	14%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	16%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

### car for \$6,000 (Amount of loan: \$5,000)

---

APR:	10%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	12%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	14%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	16%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

## how much would you spend? (continued)

---

### car for \$8,000 (Amount of loan: \$7,000)

---

APR:	10%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	14%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	12%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

---

APR:	16%
------	-----

---

Length of Loan:	36 months
-----------------	-----------

---

Total Cost of Loan:	
---------------------	--

---

Monthly Payment:	
------------------	--

---

Total Finance Charge:	
-----------------------	--

---

5. Which car can Rose afford?
6. What are the terms of the loan that would allow Rose to buy a car and still stay within her budget?
7. Using the column “How You’d Do It” on Rose’s budget worksheet, figure how you would set up a budget if you had Rose’s income and expenses.
8. What were the main differences between the budget you set up using Rose’s income and expenses, and the budget that was provided?

# how much would you spend? (continued)

---

## rose's budget

income	scenario	how you'd do it	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>Total Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

## fixed expenses

Rent	\$	\$	\$
Car insurance	\$	\$	\$
Installment payments			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
<b>Total installment debt</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Percentage of net income</b>		%	%

## flexible expenses

Savings	\$	\$	\$
Utilities	\$	\$	\$
Food	\$	\$	\$
Transportation	\$	\$	\$
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
<b>Total Monthly Expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**total income - total expenses**    \$                            \$                            \$



## how much would you spend? answer key

---

### scenario 1

Manuel wants to buy a car. But before he goes shopping, he wants to know exactly how much he can afford to spend each month on owning, operating, and maintaining a car.

**Manuel's net monthly income is \$1,280. His fixed expenses are:**

- \$350 for rent

**His flexible monthly expenses are:**

- \$75 for savings
- \$25 for utilities
- \$185 for food
- \$35 for transportation (bus fare)
- \$150 for tuition and books
- \$40 for entertainment
- \$20 for personal items
- \$29 for household items

If Manuel gets a car, he expects to spend about \$40 a month on gas and oil, and about \$20 on parking and bridge tolls.

Manuel needs to have car insurance. He has shopped around and expects that a car insurance premium for the type and year of car he wants will cost about \$225 a month.



### directions

Use the attached budget sheet and Loan Calculator to complete the following chart and answer the questions that follow.

# how much would you spend? answer key

---

## car for \$6,000 (Amount of loan: \$6,000)

APR:	10%
Length of Loan:	60 months
Total Cost of Loan:	\$7,648.94
Monthly Payment:	\$127.48
Total Finance Charge:	\$1,648.94

APR:	12%
Length of Loan:	60 months
Total Cost of Loan:	\$8,008.00
Monthly Payment:	\$133.47
Total Finance Charge:	\$2,008.00

APR:	14%
Length of Loan:	60 months
Total Cost of Loan:	\$8,376.57
Monthly Payment:	\$139.61
Total Finance Charge:	\$2,376.57

APR:	16%
Length of Loan:	60 months
Total Cost of Loan:	\$8,754.50
Monthly Payment:	\$145.91
Total Finance Charge:	\$2,754.50

## car for \$8,000 (Amount of loan: \$8,000)

APR:	10%
Length of Loan:	60 months
Total Cost of Loan:	\$10,198.58
Monthly Payment:	\$169.98
Total Finance Charge:	\$2,198.58

APR:	12%
Length of Loan:	60 months
Total Cost of Loan:	\$10,677.33
Monthly Payment:	\$177.96
Total Finance Charge:	\$2,677.33

APR:	14%
Length of Loan:	60 months
Total Cost of Loan:	\$11,168.76
Monthly Payment:	\$186.15
Total Finance Charge:	\$3,168.76

APR:	16%
Length of Loan:	60 months
Total Cost of Loan:	\$11,672.67
Monthly Payment:	\$194.54
Total Finance Charge:	\$3,672.67

# how much would you spend? answer key

---

## car for \$10,000 (Amount of loan: \$10,000)

APR:	10%	APR:	12%
Length of Loan:	60 months	Length of Loan:	60 months
Total Cost of Loan:	\$12,748.23	Total Cost of Loan:	\$13,346.67
Monthly Payment:	\$212.47	Monthly Payment:	\$222.44
Total Finance Charge:	\$2,748.23	Total Finance Charge:	\$3,346.67

APR:	14%	APR:	16%
Length of Loan:	60 months	Length of Loan:	60 months
Total Cost of Loan:	\$13,960.95	Total Cost of Loan:	\$14,590.83
Monthly Payment:	\$232.68	Monthly Payment:	\$243.18
Total Finance Charge:	\$3,960.95	Total Finance Charge:	\$4,590.83

1. Which car can Manuel afford?  
*The car for \$6,000*
2. What are the terms of the loan that would allow Manuel to buy a car and still stay within his budget?  
*A 60-month loan with an APR of 10%*
3. Using the column “How You’d Do It” on Manuel’s budget worksheet, figure how you would set up a budget if you had Manuel’s income and expenses.
4. What were the main differences between the budget you set up using Manuel’s income and expenses and the budget that was provided?

# how much would you spend? answer key

---

## scenario 2

Rose is thinking about buying a car. She has \$1,000 saved for a down payment. Before she goes shopping, she wants to know how much she can afford to spend each month on a car.

**Rose brings home \$926 each month from her first job, and \$974 from her second job. Her fixed expenses include:**

- \$250 for rent
- \$34 for a credit payment on some furniture she bought several months ago that has a total outstanding balance of \$540

**Her flexible monthly expenses are:**

- \$100 for savings
- \$20 for telephone
- \$175 for food
- \$45 for transportation (bus fare)
- \$70 for tuition
- \$20 for school supplies
- \$40 for clothing
- \$40 for entertainment
- \$20 for household supplies
- \$29 for personal items

If Rose gets a car, she expects to spend about \$60 a month on gas and oil, and about \$30 on parking and bridge tolls.

If Rose gets a car, she will need car insurance. She has done some research, and she expects her car insurance premium to be about \$175 a month.



### **directions**

Using the attached budget sheet and the computer-based activity “Comparing the True Cost of Loans,” complete the following chart. Then, answer the questions that follow.

# how much would you spend? answer key

---

## car for \$4,000 (Amount of loan: \$3,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	\$3,484.86
Monthly Payment:	\$96.80
Total Finance Charge:	\$484.86

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	\$3,587.15
Monthly Payment:	\$99.64
Total Finance Charge:	\$587.15

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	\$3,691.18
Monthly Payment:	\$102.53
Total Finance Charge:	\$691.18

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	\$3,796.96
Monthly Payment:	\$105.47
Total Finance Charge:	\$796.96

## car for \$6,000 (Amount of loan: \$5,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	\$5,808.09
Monthly Payment:	\$161.34
Total Finance Charge:	\$808.09

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	\$5,978.58
Monthly Payment:	\$166.07
Total Finance Charge:	\$978.58

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	\$6,151.97
Monthly Payment:	\$170.89
Total Finance Charge:	\$1,151.97

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	\$6,328.27
Monthly Payment:	\$175.79
Total Finance Charge:	\$1,328.27

# how much would you spend? answer key

---

## car for \$8,000 (Amount of loan: \$7,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	\$8,131.33
Monthly Payment:	\$225.87
Total Finance Charge:	\$1,131.33

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	\$8,370.01
Monthly Payment:	\$232.50
Total Finance Charge:	\$1,370.01

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	\$8,612.76
Monthly Payment:	\$239.24
Total Finance Charge:	\$1,612.76

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	\$8,859.57
Monthly Payment:	\$246.10
Total Finance Charge:	\$1,859.57

5. Which car can Rose afford?

*The car for \$4,000*

6. What are the terms of the loan that would allow Rose to buy a car and still stay within her budget?

*A 36-month loan with an APR up to 16%*

7. Using the column “How You’d Do It” on Rose’s budget worksheet, figure how you would set up a budget if you had Rose’s income and expenses.

8. What were the main differences between the budget you set up using Rose’s income and expenses, and the budget that was provided?

name: \_\_\_\_\_

date: \_\_\_\_\_



## lesson six quiz: cars and loans

---

### true-false

1. \_\_\_\_\_ Most used cars sold by private parties have a one-year warranty.
2. \_\_\_\_\_ A service contract is designed to avoid costly repairs as a motor vehicle gets older.
3. \_\_\_\_\_ The truth-in-lending law requires that a borrower be informed of the total finance charge.
4. \_\_\_\_\_ Bodily-injury liability covers the damage to another person's car for which you were at fault.
5. \_\_\_\_\_ Collision insurance covers damage caused to a motor vehicle by vandalism or floods.

### multiple choice

6. \_\_\_\_\_ The most reliable source for buying a used car is usually:  
A. a rental car company.  
B. a police auction.  
C. a car dealer.  
D. private party sales.
7. \_\_\_\_\_ \_\_\_\_\_ warranty refers to the fact that a product will do what it is designed to do.  
A. An extended  
B. An implied  
C. A dealer  
D. An unexpired manufacturer's
8. \_\_\_\_\_ The truth-in-lending law requires that borrowers be informed of the:  
A. amount financed.  
B. cost of auto insurance.  
C. features of an extended warranty.  
D. reasons a person has been denied credit.
9. \_\_\_\_\_ The auto insurance coverage for damage to your vehicle as a result of an accident is called:  
A. property damage.  
B. comprehensive.  
C. liability.  
D. collision.
10. \_\_\_\_\_ Doctor costs for injuries to others resulting from an accident are covered by \_\_\_\_\_ liability.  
A. medical  
B. collision  
C. bodily injury  
D. comprehensive

### case application

Angelina drives a seven-year-old car that recently needed \$1,300 in repairs. Each day, she drives 46 miles to and from her job. What actions should she take to decide if she should (1) keep this car, (2) buy a newer used car, or (3) buy a new car?

# lesson six quiz: cars and loans answer key



## true-false

1. f Most used cars sold by private parties have a one-year warranty.
2. t A service contract is designed to avoid costly repairs as a motor vehicle gets older.
3. t The truth-in-lending law requires that a borrower be informed of the total finance charge.
4. f Bodily-injury liability covers the damage to another person's car for which you were at fault.
5. f Collision insurance covers damage caused to a motor vehicle by vandalism or floods.

## multiple choice

6. C The most reliable source for buying a used car is usually:  
A. a rental car company.  
B. a police auction.  
C. a car dealer.  
D. private party sales.
7. B \_\_\_\_\_ warranty refers to the fact that a product will do what it is designed to do.  
A. An extended  
B. An implied  
C. A dealer  
D. An unexpired manufacturer's
8. A The truth-in-lending law requires that borrowers be informed of the:  
A. amount financed.  
B. cost of auto insurance.  
C. features of an extended warranty.  
D. reasons a person has been denied credit.
9. D The auto insurance coverage for damage to your vehicle as a result of an accident is called:  
A. property damage.  
B. comprehensive.  
C. liability.  
D. collision.
10. C Doctor costs for injuries to others resulting from an accident are covered by \_\_\_\_\_ liability.  
A. medical  
B. collision  
C. bodily injury  
D. comprehensive

## case application

Angelina drives a seven-year-old car that recently needed \$1,300 in repairs. Each day, she drives 46 miles to and from her job. What actions should she take to decide if she should (1) keep this car, (2) buy a newer used car, or (3) buy a new car?

*Many factors go into this decision. First, Angelina must consider her financial situation. Based on a realistic budget, what amount can she afford to spend for buying a different vehicle? Next, will her current car (after the recent repairs) give her reliable transportation? In addition, how do the expected operating costs of the various vehicles compare?*

# lesson seven

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consumer awareness



student activities

name: \_\_\_\_\_

date: \_\_\_\_\_



## why I make the choices I do

---

Purchasing decisions are made for many reasons. When deciding what to buy, you may be influenced by:

- Your personal interests
- Your activities
- Your values

You may also want to send a message to other people. Think about these things as you complete the following exercise.



### directions

Cut out pictures of four outfits or other purchases that reflect different values, activities, or interests in your life. They should all be something you would enjoy owning. Label each picture: A, B, C, or D. In the spaces below, explain why you would choose each item, and the personal values each choice reflects. Staple the pictures to this page.

---

Picture

I would choose this outfit because...

---

A

---

B

---

C

---

D

---

name: \_\_\_\_\_

date: \_\_\_\_\_



# comparative shopping chart 1



## directions

Customize this chart and use it when you go comparative shopping for an electronic entertainment device or home appliance.

Item \_\_\_\_\_

	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Basic features			
Special features			
Warranty			
Store return policy			
Refund policy			
Exchange policy			
Other			

# comparative shopping chart 2

---



## directions

Customize this chart and use it when you go comparative shopping for an item of clothing.

Item \_\_\_\_\_

	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Where to be worn			
Characteristics			
Quality			
Durability			
Needs alterations?			
Comfortable?			
Care requirements			
Store return policy			
Store refund policy			
Store exchange policy			

name: \_\_\_\_\_

date: \_\_\_\_\_



## comparative-shopping sources

Select an item that could be purchased in stores, by mail, and online. Obtain the information requested below.

Item \_\_\_\_\_

Brand \_\_\_\_\_

	Store	Mail Order (or TV Home Shopping)	Online Shopping
Company			
Address			
Phone			
Email, Web site			
Price			
Shipping cost			
Delivery time			
Warranty			
Return policy			
Other information			

name: \_\_\_\_\_

date: \_\_\_\_\_



## solving consumer problems

---



### directions

For each of the following situations, put an X next to the action you would suggest to resolve these consumer concerns, and give reasons for your responses.

1. Brad has taken his new car in for the same repairs several consecutive times since he bought the car ten months ago.
  - Return to store
  - Contact company
  - Contact consumer or government agency
  - Take legal action
2. Jonie was injured and needed medical assistance when using a fan she recently purchased.
  - Return to store
  - Contact consumer or government agency
  - Contact company
  - Take legal action
3. Ellis keeps getting phone calls offering him investment opportunities, even though he's told the company to no longer call him.
  - Return to store
  - Contact company
  - Contact consumer or government agency
  - Take legal action
4. Thomas was charged the wrong price for several items at a local discount store.
  - Return to store
  - Contact company
  - Contact consumer or government agency
  - Take legal action
5. Marla received a late payment notice for a credit account that she had paid off several months ago.
  - Return to store
  - Contact company
  - Contact consumer or government agency
  - Take legal action



# solving consumer problems answer key

---



## directions

For each of the following situations, put an X next to the action you would suggest to resolve these consumer concerns, and give reasons for your responses.

1. Brad has taken in his new car for similar repairs several times in a row since buying his car ten months ago.
  - Return to store
  - Contact company
  - X ■ Contact consumer or government agency
  - Take legal action
  
2. Jonie was injured and needed medical assistance when using a fan she recently purchased.
  - Return to store
  - Contact consumer or government agency
  - Contact company
  - X ■ Take legal action
  
3. Ellis keeps getting phone calls offering him investment opportunities after telling the company to no longer call him.
  - Return to store
  - Contact company
  - X ■ Contact consumer or government agency
  - Take legal action
  
4. Thomas was charged the wrong price for several items at a local discount store.
  - X ■ Return to store
  - Contact company
  - Contact consumer or government agency
  - Take legal action
  
5. Marla received a late payment notice for a credit account that she had paid off several months ago.
  - Return to store
  - X ■ Contact company
  - Contact consumer or government agency
  - Take legal action

name: \_\_\_\_\_

date: \_\_\_\_\_



## lesson seven quiz: consumer awareness

---

### true-false

1. \_\_\_\_\_ Buying clubs are designed to help consumers compare prices at different stores.
2. \_\_\_\_\_ The mail order rule allows a person to cancel an order that is not shipped within a certain time period.
3. \_\_\_\_\_ Layaway purchase plans are design to help consumers buy items at discount prices.
4. \_\_\_\_\_ The cooling-off period generally applies to purchases of \$25 or more.
5. \_\_\_\_\_ Most consumer complaints require legal action to solve.

### multiple choice

6. \_\_\_\_\_ The most reliable source of consumer information would be from:  
A. an advertisement.  
B. a salesperson.  
C. an executive of the company.  
D. a product label.
7. \_\_\_\_\_ A buying club commonly :  
A. requires a minimum purchase.  
B. has a large initiation fee.  
C. wants the member to encourage others to join.  
D. only allows a few people in an area to be members.
8. \_\_\_\_\_ The mail-order rule requires that companies:  
A. notify customers if an item is not currently available.  
B. only sell certain items by mail.  
C. accept credit cards for mail order purchases.  
D. allow a person to return an item for full credit.
9. \_\_\_\_\_ The right to cancel certain purchases of \$25 or more within three business days is known as the \_\_\_\_\_ rule.  
A. layaway  
B. cooling-off  
C. mail order  
D. telemarketing
10. \_\_\_\_\_ The first step a person with a consumer complaint should take is to:  
A. obtain legal assistance.  
B. contact a consumer agency.  
C. write to the headquarters of the company.  
D. return to the place of purchase.

### case application

Jim recently purchased a sweater for his wife over the telephone. When the item was received, it was slightly damaged. When he returned it he received another sweater, but also received another bill. The company says he owes for two sweaters.



## true-false

1. f Buying clubs are designed to help consumers compare prices at different stores.
2. t The mail order rule allows a person to cancel an order that is not shipped within a certain time period.
3. f Layaway purchase plans are design to help consumers buy items at discount prices.
4. t The cooling-off period generally applies to purchases of \$25 or more.
5. f Most consumer complaints require legal action to solve.

## multiple choice

6. D The most reliable source of consumer information would be from:  
A. an advertisement.  
B. a salesperson.  
C. an executive of the company.  
D. a product label.
7. B A buying club commonly:  
A. requires a minimum purchase.  
B. has a large initiation fee.  
C. wants the member to encourage others to join.  
D. only allows a few people in an area to be members.
8. A The mail-order rule requires that companies:  
A. notify customers if an item is not currently available.  
B. only sell certain items by mail.  
C. accept credit cards for mail order purchases.  
D. allow a person to return an item for full credit.
9. B The right to cancel certain purchases of \$25 or more within three business days is known as the \_\_\_\_\_ rule.  
A. layaway  
B. cooling-off  
C. mail order  
D. telemarketing
10. D The first step a person with a consumer complaint should take is to:  
A. obtain legal assistance.  
B. contact a consumer agency.  
C. write to the headquarters of the company.  
D. return to the place of purchase.

## case application

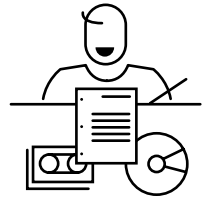
Jim recently purchased a sweater for his wife over the telephone. When the item was received, it was slightly damaged. When he returned it he received another sweater, but also received another bill. The company says he owes for two sweaters.

*Jim should start by calling the company to explain the situation. Next, he should put an explanation of the situation in writing. If this doesn't work, he might contact a local or state consumer agency to assist him.*

# lesson eight

---

saving and investing



**student activities**

name: \_\_\_\_\_

date: \_\_\_\_\_



## setting your financial goals

---

### short-range goal (within 1 month)

Goal: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Objective \$ \_\_\_\_\_  
Estimated Cost \$ \_\_\_\_\_  
Target Date \$ \_\_\_\_\_  
Monthly Amount \$ \_\_\_\_\_

### medium-range goal (2-12 months)

Goal: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Objective \$ \_\_\_\_\_  
Estimated Cost \$ \_\_\_\_\_  
Target Date \$ \_\_\_\_\_  
Monthly Amount \$ \_\_\_\_\_

### long-range goal (more than 1 year)

Goal: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Objective \$ \_\_\_\_\_  
Estimated Cost \$ \_\_\_\_\_  
Target Date \$ \_\_\_\_\_  
Monthly Amount \$ \_\_\_\_\_

name: \_\_\_\_\_

date: \_\_\_\_\_



## calculating interest

---



### directions

Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. If you put \$200 in a savings account that paid 5.5% simple interest each year, how much interest would you earn in five years?
  
  
  
  
  
  
  
  
  
  
2. If you put \$150 in a savings account that paid 6% compounded yearly, how much interest would you earn in five years?
  
  
  
  
  
  
  
  
  
  
3. If you put \$25 each month into a savings account that paid a simple interest rate of 6.5% each year, how much would you have in your account at the end of two years?
  
  
  
  
  
  
  
  
  
  
4. If you put \$10 each week into a savings account that paid 6% interest compounded yearly, how much money would you have in your account after three years? (Hint: Use Save a Million Calculator)



# calculating interest answer key



## directions

Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. If you put \$200 in a savings account that paid 5.5% simple interest each year, how much interest would you earn in five years?

**\$55**

$$\$200 \times 0.055 = \$11$$

$$\$11 \times 5 = \$55$$

2. If you put \$150 in a savings account that paid 6% compounded yearly, how much interest would you earn in five years?

**\$50.73**

$$\$150 \times 1.06 = \$159 \text{ (after 1 year)}$$

$$\$159 \times 1.06 = \$168.54 \text{ (after 2 years)}$$

$$\$168.54 \times 1.06 = \$178.65 \text{ (after 3 years)}$$

$$\$178.65 \times 1.06 = \$189.37 \text{ (after 4 years)}$$

$$\$189.37 \times 1.06 = \$200.73 \text{ (after 5 years)}$$

3. If you put \$25 each month into a savings account that paid a simple interest rate of 6.5% each year, how much would you have in your account at the end of two years?

**\$639.00**

	Amount of Deposit	Interest Rate	Months on Deposit	Periods/yr	Interest
start of year 1	25	0.065	12	12	1.63
	25	0.065	11	12	1.49
	25	0.065	10	12	1.35
	25	0.065	9	12	1.22
	25	0.065	8	12	1.08
	25	0.065	7	12	0.95
	25	0.065	6	12	0.81
	25	0.065	5	12	0.68
	25	0.065	4	12	0.54
	25	0.065	3	12	0.41
	25	0.065	2	12	0.27
	25	0.065	1	12	0.14
	end of year 1	300			

cont. on next page



## calculating interest answer key

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3. cont.

	<i>Amount of Deposit</i>	<i>Interest Rate</i>	<i>Months on Deposit</i>	<i>Periods/yr</i>	<i>Interest</i>
<i>start of year 2</i>	325	0.065	12	12	19.50
	25	0.065	11	12	1.49
	25	0.065	10	12	1.35
	25	0.065	9	12	1.22
	25	0.065	8	12	1.08
	25	0.065	7	12	0.95
	25	0.065	6	12	0.81
	25	0.065	5	12	0.68
	25	0.065	4	12	0.54
	25	0.065	3	12	0.41
	25	0.065	2	12	0.27
	25	0.065	1	12	0.14
<i>end of year 2</i>	600				28.44

*Total value at the end of 2 yrs = \$638.98.*

4. If you put \$10 each week into a savings account that paid 6% interest compounded yearly, how much money would you have in your account after three years? (Hint: Use Save a Million Calculator)

**\$1,703.70**

name: \_\_\_\_\_

date: \_\_\_\_\_



## selecting mutual funds

---



### directions

For each of the investment situations below, select the type of mutual fund that would be most appropriate from this list:

**Balanced Fund**

**Income Fund**

**Global Bond Fund**

**Industry Fund**

**Global Stock Fund**

**Municipal Bond Fund**

**Growth Fund**

**Regional Stock Fund**

1. A person wants an international mutual fund without the risks associated with stocks.
2. An investor wants tax-exempt income from investments.
3. An investor is interested in investing in health care stocks.
4. A person wants to invest in stocks from around the world.
5. A person is interested in long-term growth for future financial security.
6. An investor seeks to buy stock in companies located in Europe.
7. A retired person desires investment earnings to provide for current living expenses.
8. A person wants to invest in a blend of stocks and bonds.
9. An investor wants to invest in debt instruments issued by state and local governments.
10. A person expects growth of companies in Latin America.



## selecting mutual funds answer key

---



### directions

For each of the investment situations below, select the type of mutual fund that would be most appropriate from this list:

**Balanced Fund**

**Income Fund**

**Global Bond Fund**

**Industry Fund**

**Global Stock Fund**

**Municipal Bond Fund**

**Growth Fund**

**Regional Stock Fund**

1. A person wants an international mutual fund without the risks associated with stocks.  
*Global Bond Fund*
2. An investor wants tax-exempt income from investments.  
*Municipal Bond Fund*
3. An investor is interested in investing in health care stocks.  
*Industry Fund*
4. A person wants to invest in stocks from around the world.  
*Global Stock Fund*
5. A person is interested in long-term growth for future financial security.  
*Growth Fund*
6. An investor seeks to buy stock in companies located in Europe.  
*Regional Stock Fund*
7. A retired person desires investment earnings to provide for current living expenses.  
*Income Fund*
8. A person wants to invest in a blend of stocks and bonds.  
*Balanced Fund*
9. An investor wants to invest in debt instruments issued by state and local governments.  
*Municipal Bond Fund*
10. A person expects growth of companies in Latin America.  
*Regional Stock Fund*

name: \_\_\_\_\_

date: \_\_\_\_\_



## test your knowledge of saving and investing

---



### directions

Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. How long would it take to double your money in an account that paid 6% per year?
2. What interest rate would double your money in 5 years?

In the space provided, write the letter of the savings account or savings method the statement represents.

- |                              |  |
|------------------------------|--|
| a) Passbook account          | d) Time deposit (Certificate of Deposit) |
| b) Statement account         | e) Money-market deposit account          |
| c) Interest-earning checking |  |
- 
3. \_\_\_\_\_ A combination of a checking and savings account. Interest rates, which are based on a complex structure, vary with the size of your balance.
  4. \_\_\_\_\_ Combines the benefits of a checking and savings account. Interest is paid each month on unused money in the account.
  5. \_\_\_\_\_ You can only write a limited number of checks each month.
  6. \_\_\_\_\_ Bank pays a fixed amount of interest, on a fixed amount of money, for a fixed amount of time.
  7. \_\_\_\_\_ Penalty is usually charged if money is withdrawn before expiration date.
  8. \_\_\_\_\_ Interest rate is usually lower than passbook or statement accounts.

## **test your knowledge of saving and investing** (continued)

---

In the space provided, write the letter of the investment vehicle the statement represents.

- |                 |                |
|-----------------|----------------|
| a) Bonds        | d) Real estate |
| b) Mutual funds | e) Keogh plan  |
| c) Stocks       |                |

9. \_\_\_\_ This type of investment offers an excellent protection against inflation.
10. \_\_\_\_ A retirement plan for the self-employed.
11. \_\_\_\_ Issuer agrees to pay investors a fixed interest rate for a fixed period of time.
12. \_\_\_\_ You can contribute each year to this tax-deferred account.
13. \_\_\_\_ A way to own a part of a company and share in its profits.
14. \_\_\_\_ Professionally managed portfolios made up of stocks, bonds, and other investments.
15. List the four most important factors to consider when shopping for a savings account.
16. List the four main differences between saving and investing.



## test your knowledge of saving and investing answer key

---



### directions

Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. How long would it take to double your money in an account that paid 6% per year?

$$72/6 = 12 \text{ years}$$

2. What interest rate would double your money in 5 years?

$$72/5 = 14.4\%$$

In the space provided, write the letter of the savings account or savings method the statement represents.

- |                              |  |
|------------------------------|--|
| a) Passbook account          | d) Time deposit (Certificate of Deposit) |
| b) Statement account         | e) Money-market deposit account          |
| c) Interest-earning checking |  |

3.   e   A combination of a checking and savings account. Interest rates, which are based on a complex structure, vary with the size of your balance.
4.   c   Combines the benefits of a checking and savings account. Interest is paid each month on unused money in the account.
5.   e   You can only write a limited number of checks each month.
6.   d   Bank pays a fixed amount of interest, on a fixed amount of money, for a fixed amount of time.
7.   d   Penalty is usually charged if money is withdrawn before expiration date.
8.   c   Interest rate is usually lower than passbook or statement accounts.

## test your knowledge of saving and investing answer key

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In the space provided, write the letter of the investment vehicle the statement represents.

- |                 |                |
|-----------------|----------------|
| a) Bonds        | d) Real estate |
| b) Mutual funds | e) Keogh plan  |
| c) Stocks       |                |

9.   d   This type of investment offers an excellent protection against inflation.
10.   e   A retirement plan for the self-employed.
11.   a   Issuer agrees to pay investors a fixed interest rate for a fixed period of time.
12.   e   You can contribute each year to this tax-deferred account.
13.   c   A way to own a part of a company and share in its profits.
14.   b   Professionally managed portfolios made up of stocks, bonds, and other investments.
15. List the four most important factors to consider when shopping for a savings account.

*Interest rates*  
*Balance requirement*  
*Fees, charges, penalties*  
*Balance calculation method*

16. List the four main differences between saving and investing.

*Degree of risk*  
*Availability of funds for use*  
*Rate and stability of return*  
*Amount of protection against inflation*



## lesson eight quiz: saving and investing

---

### true-false

1. \_\_\_\_\_ A certificate of deposit must be held for a set amount of time such as six months or a year.
2. \_\_\_\_\_ Compound interest refers to money earned from buying a tax-exempt investment.
3. \_\_\_\_\_ A share of stock represents ownership in a company.
4. \_\_\_\_\_ A mutual fund is an investment issued by a state or local government agency.
5. \_\_\_\_\_ Treasury bonds are a safer investment than real estate.

### multiple choice

6. \_\_\_\_\_ The lowest interest rate is usually earned on a:
  - A. money-market account.
  - B. passbook account.
  - C. certificate of deposit.
  - D. mutual fund.
7. \_\_\_\_\_ The total interest earned on \$100 for two years at 10 percent (compounded annually) would be:
  - A. \$2
  - B. \$21
  - C. \$11
  - D. \$10
8. \_\_\_\_\_ Based on the rule of 72, money earning 6 percent would take about \_\_\_\_\_ years to double.
  - A. 6
  - B. 8
  - C. 9
  - D. 12
9. \_\_\_\_\_ An example of a company's debt is a:
  - A. corporate bond.
  - B. share of stock.
  - C. mutual fund.
  - D. municipal bond.
10. \_\_\_\_\_ The investment with the most risk would be:
  - A. a savings account.
  - B. U.S. Treasury bonds.
  - C. corporate stocks.
  - D. corporate bonds.

### case application

The Johnson family includes Marv (age 34), Gail (33), Andrew (8), and Molly (4). What are some investment goals that might be appropriate for this family? What types of investments might be used to achieve these goals?

## lesson eight quiz: saving and investing answer key



### true-false

1. t A certificate of deposit must be held for a set amount of time such as six months or a year.
2. f Compound interest refers to money earned from buying a tax-exempt investment.
3. t A share of stock represents ownership in a company.
4. f A mutual fund is an investment issued by a state or local government agency.
5. t Treasury bonds are a safer investment than real estate.

### multiple choice

6. B The lowest interest rate is usually earned on a:  
A. money-market account.  
B. passbook account.  
C. certificate of deposit.  
D. mutual fund.
7. B The total interest earned on \$100 for two years at 10 percent (compounded annually) would be:  
A. \$2  
B. \$21  
C. \$11  
D. \$10
8. D Based on the rule of 72, money earning 6 percent would take about \_\_\_\_\_ years to double.  
A. 6  
B. 8  
C. 9  
D. 12
9. A An example of a company's debt is a:  
A. corporate bond.  
B. share of stock.  
C. mutual fund.  
D. municipal bond.
10. C The investment with the most risk would be:  
A. a savings account.  
B. U.S. Treasury bonds.  
C. corporate stocks.  
D. corporate bonds.

### case application

The Johnson family includes Marv (age 34), Gail (33), Andrew (8), and Molly (4). What are some investment goals that might be appropriate for this family? What types of investments might be used to achieve these goals?

*Common investment goals in this situation might be to create an emergency fund, to save for the children's college education, and to save for retirement. The Johnsons might start their saving-investing program with a savings account, money market account, or certificates of deposit. Next, they might consider an aggressive stock mutual fund that could give them good long-term growth for the education and retirement funds. All of those are easier to implement with an automatic withdrawal each month from a bank account to the savings account or the investment company.*

# lesson nine

---

**in trouble**



**student activities**

name: \_\_\_\_\_

date: \_\_\_\_\_



## test your knowledge of trouble

---

The following questions are designed to test what you've just learned about dealing with financial woes.



### directions

In the space provided, write the answers to the following questions.

1. List four of the most common reasons why consumers don't pay their bills.
  
  
  
  
  
  
  
  
  
  
2. List five warning signs of financial trouble.
  
  
  
  
  
  
  
  
  
  
3. List the first steps you should take if you find you can't pay your bills.

For each of the following questions, write a **T** in the space provided if the statement is true. Write an **F** in the space provided if the statement is false.

4. \_\_\_\_ A credit repair company can erase a poor credit history.
5. \_\_\_\_ If you pay a bill late, your creditor can report this information to a credit bureau.
6. \_\_\_\_ A debt collector can contact you any time of day or night, except Sunday.
7. \_\_\_\_ If you don't pay a debt, a debt collector cannot legally harass and threaten you.
8. \_\_\_\_ A debt collector must inform you, in writing, of the amount of your debt, the name of the creditor, and an explanation of your right to dispute the debt.
9. \_\_\_\_ The Credit Consumer Counseling Service will help you set up a realistic budget, contact your creditors, and plan future expenses.

## test your knowledge of trouble (continued)

---

In the space provided, write the letter of the type of payment collection the statement represents.

- a) Wage Garnishment
- b) Wage Assignment
- c) Wage Attachment

10. \_\_\_\_\_ A legal agreement between a lender and a debtor.
11. \_\_\_\_\_ A legal procedure that withholds a portion of earnings for the payment of a debt.
12. \_\_\_\_\_ A court order that allows a lender to seize property to pay off the debt.
13. \_\_\_\_\_ An employer is not legally compelled to honor this arrangement.
14. \_\_\_\_\_ Dollar limit is the lesser amount of 25% of your disposable income or the amount over 30 times the federal hourly wage.
15. \_\_\_\_\_ You cannot be fired for one of these.

For each of the following questions, write a **T** in the space provided if the statement is true. Write an **F** in the space provided if the statement is false.

16. \_\_\_\_\_ If you default on even one car loan payment, the creditor has the legal right to repossess your car.
17. \_\_\_\_\_ Once a creditor has repossessed a car, he or she can either keep the car or resell it for the debt owed on it.
18. \_\_\_\_\_ If your car is repossessed, you no longer have any financial obligation to repay your car loan.
19. \_\_\_\_\_ If you want to buy back your car after it has been repossessed, the creditor can set the price at any amount over what you owe.

In the space provided, write the answers to the following questions.

20. How many years does a bankruptcy stay on a credit report?
21. Explain the difference between wage-earner bankruptcy and straight bankruptcy.



## test your knowledge of trouble answer key

---

The following questions are designed to test what you've just learned about dealing with financial woes.



### directions

In the space provided, write the answers to the following questions.

1. List four of the most common reasons why consumers don't pay their bills.

*Loss of income (48%)  
Overextension (25%)  
Defective goods and services (20%)  
Fraudulent use of credit (4%)*

2. List five warning signs of financial trouble.

*Don't know how much you owe.  
Late paying bills.  
Take out a new loan to pay an old loan or to pay debts.  
Pay only the minimum balance due each month.  
Spend more than 20% of net income (after rent or mortgage payment) on credit use.*

3. List the first steps you should take if you find you can't pay your bills.

*Take a close look at your budget (trim expenses, be realistic about what you can afford, remember the 20-10 rule).  
Contact your creditors. Tell them why you can't pay, that you intend to pay, and when and how much you can pay.  
If possible, continue to make small but regular payments.*

For each of the following questions, write a **T** in the space provided if the statement is true. Write an **F** in the space provided if the statement is false.

4.   f   A credit repair company can erase a poor credit history.
5.   t   If you pay a bill late, your creditor can report this information to a credit bureau.
6.   f   A debt collector can contact you any time of day or night, except Sunday.
7.   t   If you don't pay a debt, a debt collector cannot legally harass and threaten you.
8.   t   A debt collector must inform you, in writing, of the amount of your debt, the name of the creditor, and an explanation of your right to dispute the debt.
9.   t   The Credit Consumer Counseling Service will help you set up a realistic budget, contact your creditors, and plan future expenses.

## test your knowledge of trouble answer key

---

In the space provided, write the letter of the type of payment collection the statement represents.

- a) Wage Garnishment
- b) Wage Assignment
- c) Wage Attachment

10.   b   A legal agreement between a lender and a debtor.
11.   a   A legal procedure that withholds a portion of earnings for the payment of a debt.
12.   c   A court order that allows a lender to seize property to pay off the debt.
13.   b   An employer is not legally compelled to honor this arrangement.
14.   a   Dollar limit is the lesser amount of 25% of your disposable income or the amount over 30 times the federal hourly wage.
15.   a   You cannot be fired for one of these.

For each of the following questions, write a **T** in the space provided if the statement is true. Write an **F** in the space provided if the statement is false.

16.   t   If you default on even one car loan payment, the creditor has the legal right to repossess your car.
17.   t   Once a creditor has repossessed a car, he or she can either keep the car or resell it for the debt owed on it.
18.   f   If your car is repossessed, you no longer have any financial obligation to repay your car loan.
19.   f   If you want to buy back your car after it has been repossessed, the creditor can set the price at any amount over what you owe.

In the space provided, write the answers to the following questions.

20. How many years does a bankruptcy stay on a credit report?

*Up to 10 years*

21. Explain the difference between wage-earner bankruptcy and straight bankruptcy.

*With wage-earner bankruptcy, you petition the bankruptcy court to approve a plan to pay off your debts. The court will accept the plan if you can pay off, within three years, at least as much as your creditors would receive if you filed straight bankruptcy. Interest on all your loans stops. Creditors must contact the court instead of you. If paid as agreed, at the end of three years your debts are considered paid in full.*

*With straight bankruptcy, you no longer owe retail store charges, bank credit-card charges, unsecured loans, and hospital or doctor bills. However, you may still owe taxes, child support, alimony, college loans, fines, illegal debts, and co-signer obligations.*

name: \_\_\_\_\_

date: \_\_\_\_\_



## are they in trouble?



### directions

After reading through each of the following scenarios, list the steps you would take if you found yourself in the same situation. Then, using the attached budget sheets, rework the troubled budget. After reworking the budget, in the space provided, explain what you changed and why you changed it.

1. Todd's monthly net income is \$1,642.

#### His monthly fixed expenses include:

- \$550 for rent
- A school loan payment of \$232
- A car payment of \$152
- An insurance premium payment of \$112

#### His flexible monthly expenses include:

- Utilities and telephone bills, which average \$125
- \$120 for food
- \$50 for personal and household items
- \$50 for gas and oil
- \$100 for entertainment

#### His current credit obligations are:

- \$850 on a major department store credit card
- The minimum monthly payment is \$42
- \$1,200 on his major credit card, which he accrued from taking out a cash advance
- The minimum monthly payment is \$65

Todd keeps meaning to open a savings account and deposit a small portion of each paycheck, just in case he has an emergency and needs extra cash. But he just hasn't gotten around to it yet.

Todd's car breaks down on the way home from work. His mechanic tells him that it will cost about \$1,200 to get the car running again. Todd needs his car to get to and from work. He just got paid so he uses most of the money from his paycheck to get his car fixed.

If you were Todd, in the short term, what would you do about your present financial situation?

## are they in trouble? (continued)

---

Using one of the attached budget sheets, rework Todd's budget. When you're finished, use the space below to explain what changes you made and why you made them.

2. Carmen has a monthly net income of \$810.

**Her fixed expenses include:**

- \$150 for rent (she shares an apartment with two friends)

**Her flexible monthly expenses include:**

- \$45 for her portion of the utility bills and the telephone bills
- \$95 for food
- \$50 for personal and household items
- \$50 for bus fare
- \$40 for entertainment

**Her current credit obligations include:**

- \$232 to the local department store, with a minimum monthly payment of \$25

One of Carmen's roommates decides to move out, two days before the next month's rent is due. Carmen and her other roommate are able to come up with enough money to pay the rent, but this leaves Carmen without enough money to pay her portion of the telephone bill, the utility bills, and her credit card payment.

If you were Carmen, what would you do?



## are they in trouble? (continued)

---

3. John's monthly net income is \$1550.

**His fixed monthly expenses include:**

- \$600 for rent
- \$262 for his car payment
- \$210 for his car insurance premium

**His flexible monthly expenses include:**

- \$20 for the telephone bill
- \$120 for food
- \$75 for personal and household items
- \$50 for gas and oil
- \$100 for entertainment

**His current credit obligations include:**

- \$2,000 on one of his major credit cards
- The minimum monthly payment is \$120.
- \$1,500 on another credit card, which he recently accrued from taking out a cash advance. (He needed it because he didn't have enough to pay rent last month, and he wanted to buy a new piece of stereo equipment for his car.)
- The minimum monthly payment on this credit card is \$110.

**John doesn't have any savings.**

What do you recommend John do in the short term regarding his financial affairs?

Using one of the attached budget sheets, rework John's budget. When you're finished, use the space below to explain what changes you made and why you made them.

# budget worksheet

---

Name \_\_\_\_\_ Month \_\_\_\_\_

<b>income</b>	<b>start of month</b>	<b>end of month</b>	<b>difference</b>
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>total income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>fixed expenses</b>			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
<b>installment payments</b>			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
<b>total installment debt</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>percentage of net income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>flexible expenses</b>			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities (gas, electricity, water)	\$	\$	\$
At home	\$	\$	\$
Away from home	\$	\$	\$
Transportation:			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
<b>total monthly expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



## budget worksheet (continued)

Name \_\_\_\_\_ Month \_\_\_\_\_

<b>income</b>	<b>start of month</b>	<b>end of month</b>	<b>difference</b>
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>total income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>fixed expenses</b>			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
<b>installment payments</b>			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
<b>total installment debt</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>percentage of net income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>flexible expenses</b>			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities (gas, electricity, water)	\$	\$	\$
At home	\$	\$	\$
Away from home	\$	\$	\$
Transportation:			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
<b>total monthly expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

# budget worksheet (continued)

Name \_\_\_\_\_ Month \_\_\_\_\_

<b>income</b>	<b>start of month</b>	<b>end of month</b>	<b>difference</b>
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>total income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>fixed expenses</b>			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
<b>installment payments</b>			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
<b>total installment debt</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>percentage of net income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>flexible expenses</b>			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities (gas, electricity, water)	\$	\$	\$
At home	\$	\$	\$
Away from home	\$	\$	\$
Transportation:			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
<b>total monthly expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



## lesson nine quiz: in trouble

### true-false

1. \_\_\_\_\_ Financial difficulties are commonly caused by overspending.
2. \_\_\_\_\_ People with financial difficulties may obtain assistance from the Consumer Credit Counseling Service.
3. \_\_\_\_\_ Consolidation loans are mainly used to finance the starting of a new business.
4. \_\_\_\_\_ Debt collectors are usually allowed to call you at home before 8 p.m.
5. \_\_\_\_\_ Bankruptcy is suggested for people who are a few weeks behind in their credit payments.

### multiple choice

6. \_\_\_\_\_ A common cause of financial difficulties is:
  - A. poor money management habits.
  - B. a need for additional career training.
  - C. preparing your tax return late.
  - D. not having enough life insurance.
7. \_\_\_\_\_ A nonprofit organization that provides financial counseling is:
  - A. the Federal Deposit Insurance Corporation.
  - B. the Consumer Credit Counseling Service.
  - C. the Better Business Bureau.
  - D. the National Credit Union Administration.
8. \_\_\_\_\_ The purpose of a consolidation loan is to:
  - A. deduct amounts owed from a person's paycheck.
  - B. pay off one credit card amount before others are paid.
  - C. combine several debts into one payment.
  - D. reduce the amount owed for federal income taxes.
9. \_\_\_\_\_ A example of a fair debt-collection practice would be to:
  - A. pretend to be a salesperson to attempt to collect a debt.
  - B. threaten to take legal action to collect the money owed.
  - C. call a debtor at work even if personal calls are not allowed.
  - D. call a debtor at home before 8 p.m.
10. \_\_\_\_\_ Bankruptcy refers to the process of:
  - A. obtaining permission to be late with credit payments.
  - B. obtaining assistance from a credit counseling service.
  - C. using court action to reduce or eliminate your debts.
  - D. using court action to have payments owed deducted from your paycheck.

### case application

Matt recently missed a few weeks of work due to illness. This resulted in lost pay and he has fallen behind in paying his bills and credit accounts. What actions would you recommend for Matt?

# lesson nine quiz: in trouble answer key



## true-false

1. t Financial difficulties are commonly caused by overspending.
2. t People with financial difficulties may obtain assistance from the Consumer Credit Counseling Service.
3. f Consolidation loans are mainly used to finance the starting of a new business.
4. t Debt collectors are usually allowed to call you at home before 8 p.m.
5. f Bankruptcy is suggested for people who are a few weeks behind in their credit payments.

## multiple choice

6. A A common cause of financial difficulties is:
  - A. poor money management habits.
  - B. a need for additional career training.
  - C. preparing your tax return late.
  - D. not having enough life insurance.
7. B A nonprofit organization that provides financial counseling is:
  - A. the Federal Deposit Insurance Corporation.
  - B. the Consumer Credit Counseling Service.
  - C. the Better Business Bureau.
  - D. the National Credit Union Administration.
8. C The purpose of a consolidation loan is to:
  - A. deduct amounts owed from a person's paycheck.
  - B. pay off one credit card amount before others are paid.
  - C. combine several debts into one payment.
  - D. reduce the amount owed for federal income taxes.
9. D A example of a fair debt-collection practice would be to:
  - A. pretend to be a salesperson to attempt to collect a debt.
  - B. threaten to take legal action to collect the money owed.
  - C. call a debtor at work even if personal calls are not allowed.
  - D. call a debtor at home before 8 p.m.
10. C Bankruptcy refers to the process of:
  - A. obtaining permission to be late with credit payments.
  - B. obtaining assistance from a credit counseling service.
  - C. using court action to reduce or eliminate your debts.
  - D. using court action to have payments owed deducted from your paycheck.

## case application

Matt recently missed a few weeks of work due to illness. This resulted in lost pay and he has fallen behind in paying his bills and credit accounts. What actions would you recommend for Matt?

*Matt should start by contacting his creditors to explain his situation. If this doesn't work, he should contact a credit counseling service to help him plan his spending over the next few months. This would help him catch up on bills and pay off his debts.*

# lesson ten

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about consumer privacy



**student activities**

name: \_\_\_\_\_

date: \_\_\_\_\_



## test your privacy knowledge

---

**answer each of the following questions in the space provided.**

1. Explain why privacy is a crucial issue of the information age.
2. For the following sources of information, put “**Pub.**” next to those that are available from public sources and put “**Pr.**,” for private, next to those that are generally subject to privacy restrictions.

Telephone directories	Subscription records
Marriage/divorce records	Voter registration records
Personnel files	Campaign contributions
Credit reports	Driver’s licenses
Real estate holdings	Medical records
3. List three advantages to you of a company having a database profile on you.  
List three disadvantages.
4. Name four items that are part of a credit report.
5. Explain why it is important to have a good credit history.



# test your privacy knowledge answer key

---

**answer each of the following questions in the space provided.**

1. Explain why privacy is a crucial issue of the information age.

*Computer records can be stored and shared across long distances between many organizations. Consumers should be informed of who has access to these records and how they can be used.*

2. For the following sources of information, put “**Pub.**” next to those that are available from public sources and put “**Pr.**” for private, next to those that are generally subject to privacy restrictions.

<i>Pub.</i> Telephone directories	<i>Pr.</i> Subscription records
<i>Pub.</i> Marriage/divorce records	<i>Pub.</i> Voter registration records
<i>Pr.</i> Personnel files	<i>Pub.</i> Campaign contributions
<i>Pr.</i> Credit reports	<i>Pub.</i> Driver’s licenses
<i>Pub.</i> Real estate holdings	<i>Pr.</i> Medical records

3. List three advantages to you of a company having a database profile on you. List three disadvantages.

**Advantages:**

- 1. Receive direct mail that relates to your interests and from companies where you previously shopped.*
- 2. Receive special discounts and promotional offers.*
- 3. Broader usage of offers made to consumers who might not otherwise receive them.*

**Disadvantages**

- 1. Your profile can be rented or sold to another company.*
- 2. You may receive unwanted solicitations by mail or phone.*
- 3. You may be turned down for a loan, job, insurance, or license because of a blemish on your profile.*

4. Name four items that are part of a credit report.

- 1. Identifying information: name, Social Security number, address, and can include phone number, previous addresses, and employer.*
- 2. Credit history: previous and current types of credit, sources and extent of credit granted.*
- 3. Public record information: lawsuits, bankruptcies, judgments, etc.*
- 4. Prior requesters: names of those who have requested information on this individual in the past.*

5. Explain why it is important to have a good credit history.

*When you apply for things such as a student loan, line of credit, mortgage, car loan, credit card, or apartment, you will need to have a good, accurate credit history or your request may be denied.*







## what would you do? answer key

---

**read the scenarios described below and then indicate how you would respond to each one.**

1. You have applied for a student loan and are told that you have been turned down due to a late payment on your credit card. You want to find out exactly what your credit report says and make any corrections that are necessary.

*You would: (1) request a copy of your record from all three major credit reporting agencies (free if you have been turned down for a loan), and (2) tell the credit reporting agency about any inaccuracies.*

2. You've been receiving catalogs for sports equipment that you have no interest in purchasing. However, you also receive clothing manufacturers' catalogs that you do wish to keep getting. You would like to be removed from the sports equipment mailing list only.

*Write directly to the sports equipment company and request to be removed from its mailing list.*

3. The pile of mail order catalogs on your desk has grown to four feet. You no longer wish to receive direct marketing materials from any company and want to be removed from all lists.

*Write to the Direct Marketing Association and ask to have your name removed from the lists of all merchants who are DMA members (keep in mind that not all merchants are DMA members).*

4. You want to receive direct marketing offers in the mail, but not by telephone.

*Contact the Telephone Preference Service of the Direct Marketing Association and ask to be removed from the telephone lists of all its members (keep in mind that not all merchants are DMA members). If you received telemarketing calls and don't want future calls from this telemarketer, tell them so, citing the federal law.*

## what would you do? answer key

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5. You have made several 800 and 900 number calls and although you never left your phone number, you are starting to receive phone solicitations from these same companies and individuals. You want to be sure when you call a 800 or 900 number that you are not inadvertently leaving your phone number with that merchant.

*Check with your phone company to see if they can insert a blocking mechanism for these "ANI" numbers.*

6. Your quarterly evaluation at work is not as good as you'd hoped it would be. You'd like to find out what is in your personnel file that may explain the mediocre evaluation.

*Simply ask your supervisor for a look at your file. If your employer refuses, call your Department of Labor to determine your rights as an employee. Although not required by law, most companies comply with the guidelines issued by the Privacy Protection Study Commission in 1977, allowing employees access to their personnel files.*

name: \_\_\_\_\_

date: \_\_\_\_\_



# how much is known about you?



Look at the following sample warranty card. Fill it out, using either real information or information you make up. After you have finished, give your warranty to a partner to examine. It is the partner's job to study each question and write down at least one company, or type of company, that might be interested in the answer.

## *PhoTech*

### IMPORTANT!

*PhoTech* OWNER REGISTRATION

Please fill out and return within the next 10 days

---

**Welcome to the PhoTech family! Please complete this form and return it within 10 days to register your PhoTech product. A complete description of PhoTech's limited warranty is packaged with the product. Thank you!**

**1** 1.  Mr.   2.  Mrs.   3.  Ms.   4.  Miss

FIRST NAME	INITIAL	LAST NAME

STREET ADDRESS	APARTMENT #

CITY	STATE	ZIP CODE

**2** DATE OF PURCHASE

MONTH	DAY	YEAR

**3**

DEALER

CITY	STATE	ZIP CODE

**4**

PRODUCT PURCHASED- Please indicate EXACT product name/number

**5** DATE OF BIRTH of person whose name appears above

MONTH	DAY	YEAR

**8** WHAT ARE THE AGES OF ALL CHILDREN LIVING AT HOME?

<input type="checkbox"/> None	<input type="checkbox"/> 5 yrs.	<input type="checkbox"/> 10 yrs.	<input type="checkbox"/> 15 yrs.
<input type="checkbox"/> Under 1	<input type="checkbox"/> 6 yrs.	<input type="checkbox"/> 11 yrs.	<input type="checkbox"/> 16 yrs.
<input type="checkbox"/> 1 yr.	<input type="checkbox"/> 7 yrs.	<input type="checkbox"/> 12 yrs.	<input type="checkbox"/> 17 yrs.
<input type="checkbox"/> 2 yrs.	<input type="checkbox"/> 8 yrs.	<input type="checkbox"/> 13 yrs.	<input type="checkbox"/> 18 yrs.
<input type="checkbox"/> 3 yrs.	<input type="checkbox"/> 9 yrs.	<input type="checkbox"/> 14 yrs.	<input type="checkbox"/> 19+ yrs.
<input type="checkbox"/> 4 yrs.			

**6** MARITAL STATUS

<input type="checkbox"/> Married	<input type="checkbox"/> Divorced
<input type="checkbox"/> Widowed	<input type="checkbox"/> Single/Never Married

<b>7</b> WHAT IS YOUR OCCUPATION?	<b>YOU</b>	<b>SPOUSE</b>
Homemaker	1. <input type="checkbox"/>	1. <input type="checkbox"/>
Professional/Technical	2. <input type="checkbox"/>	2. <input type="checkbox"/>
Executive/Administrative	3. <input type="checkbox"/>	3. <input type="checkbox"/>
Clerical or Social Worker	4. <input type="checkbox"/>	4. <input type="checkbox"/>
Tradesman/Machine Operator/Laborer	5. <input type="checkbox"/>	5. <input type="checkbox"/>
Retired	6. <input type="checkbox"/>	6. <input type="checkbox"/>
Student	7. <input type="checkbox"/>	7. <input type="checkbox"/>
Self-Employed/Business Owner	8. <input type="checkbox"/>	8. <input type="checkbox"/>

**9** WHICH AMOUNT DESCRIBES YOUR FAMILY INCOME?

1. <input type="checkbox"/> Under \$19,999	5. <input type="checkbox"/> \$50,000-\$59,999
2. <input type="checkbox"/> \$20,000-\$29,999	6. <input type="checkbox"/> \$60,000-\$74,999
3. <input type="checkbox"/> \$30,000-\$39,999	7. <input type="checkbox"/> \$75,000-\$99,999
4. <input type="checkbox"/> \$40,000-\$49,999	8. <input type="checkbox"/> \$100,000 & over

# how much is known about you? (continued)

## 10 WHERE DID YOU PURCHASE THIS PRODUCT?

- |  |  |
|--|--|
| 1. <input type="checkbox"/> Camera Store     | 5. <input type="checkbox"/> Catalog              |
| 2. <input type="checkbox"/> Discount Store   | 6. <input type="checkbox"/> Received as a Gift   |
| 3. <input type="checkbox"/> Department Store | 7. <input type="checkbox"/> Sporting Goods Store |
| 4. <input type="checkbox"/> Mail Order       | 8. <input type="checkbox"/> Other                |

## 11 WHAT MOST INFLUENCED THE PURCHASE OF THIS PRODUCT?

- |   |  |
|---|--|
| 1. <input type="checkbox"/> Dealer recommendation       | 3. <input type="checkbox"/> Ads        |
| 2. <input type="checkbox"/> Professional recommendation | 4. <input type="checkbox"/> Dealer ads |
|   | 5. <input type="checkbox"/> Friends    |

## 12 THIS PRODUCT WILL BE USED PRIMARILY FOR:

- |   |   |
|---|---|
| 1. <input type="checkbox"/> Commercial/Industrial | 4. <input type="checkbox"/> Creative/Hobby  |
| 2. <input type="checkbox"/> Scientific/Medical    | 5. <input type="checkbox"/> Family/Travel   |
| 3. <input type="checkbox"/> Photo Journalism      | 6. <input type="checkbox"/> Sports/Outdoors |

## 13 HOW DID YOU PAY FOR THIS PRODUCT?

- |  |   |
|--|---|
| 1. <input type="checkbox"/> Cash           | 4. <input type="checkbox"/> Store Credit Card |
| 2. <input type="checkbox"/> Personal Check | 5. <input type="checkbox"/> Store Finance     |
| 3. <input type="checkbox"/> Credit Card    | 6. <input type="checkbox"/> Other             |

## 14 WHICH OF THE FOLLOWING DO YOU USE REGULARLY?

1.  American Express, Diners Club, Carte Blanche
2.  Bank Credit Card (MasterCard, Visa)
3.  Gas, Dept. Store, etc. Credit Cards
4.  Airline Club/Frequent Flyer Program
5.  None of the above

## 15 FOR YOUR PRIMARY RESIDENCE, DO YOU:

- |   |   |
|---|---|
| 1. <input type="checkbox"/> Own a house?  | 3. <input type="checkbox"/> Rent an apartment?        |
| 2. <input type="checkbox"/> Rent a house? | 4. <input type="checkbox"/> Own a townhouse or condo? |

## 16 TO HELP US UNDERSTAND OUR CUSTOMERS' LIFESTYLES, PLEASE INDICATE THE INTERESTS AND ACTIVITIES IN WHICH YOU OR YOUR SPOUSE ENJOY PARTICIPATING ON A REGULAR BASIS:

- |  |   |  |
|--|---|--|
| 01. <input type="checkbox"/> Bicycling Frequently      | 20. <input type="checkbox"/> Electronics                    | 39. <input type="checkbox"/> Our Nation's Heritage             |
| 02. <input type="checkbox"/> Golf                      | 21. <input type="checkbox"/> Home Workshop/Do It Yourself   | 40. <input type="checkbox"/> Real Estate Investment            |
| 03. <input type="checkbox"/> Physical Fitness/Exercise | 22. <input type="checkbox"/> Motorcycles                    | 41. <input type="checkbox"/> Stock/Bond Investments            |
| 04. <input type="checkbox"/> Running/Jogging           | 23. <input type="checkbox"/> Recreational Vehicles          | 42. <input type="checkbox"/> Veterans Benefits/Programs        |
| 05. <input type="checkbox"/> Snow Skiing Frequently    | 24. <input type="checkbox"/> Stereo, Records/Tapes/Discs    | 43. <input type="checkbox"/> Entering Sweepstakes              |
| 06. <input type="checkbox"/> Tennis Frequently         | 25. <input type="checkbox"/> Avid Book Reading              | 44. <input type="checkbox"/> Home Video Games                  |
| 07. <input type="checkbox"/> Bowling                   | 26. <input type="checkbox"/> Bible/Devotional Reading       | 45. <input type="checkbox"/> Household Pets (cats, dogs, etc.) |
| 08. <input type="checkbox"/> Camping/Hiking            | 27. <input type="checkbox"/> Current Affairs/Politics       | 46. <input type="checkbox"/> Money Marketing Opportunities     |
| 09. <input type="checkbox"/> Fishing Frequently        | 28. <input type="checkbox"/> Health Foods/Vitamins          | 47. <input type="checkbox"/> Science Fiction                   |
| 10. <input type="checkbox"/> Hunting/Shooting          | 29. <input type="checkbox"/> House Plants                   | 48. <input type="checkbox"/> Wildlife/Environmental Issues     |
| 11. <input type="checkbox"/> Power Boating             | 30. <input type="checkbox"/> Photography                    | 49. <input type="checkbox"/> Career-Oriented Activities        |
| 12. <input type="checkbox"/> Sailing                   | 31. <input type="checkbox"/> Attend Cultural/Arts Events    | 50. <input type="checkbox"/> Personal/Home Computers           |
| 13. <input type="checkbox"/> Crafts                    | 32. <input type="checkbox"/> Charities/Volunteer Activities | 51. <input type="checkbox"/> Science/New Technology            |
| 14. <input type="checkbox"/> Crossword Puzzles         | 33. <input type="checkbox"/> Fashion Clothing               | 52. <input type="checkbox"/> Watching Cable TV                 |
| 15. <input type="checkbox"/> Needlework/Knitting       | 34. <input type="checkbox"/> Fine Art/Antiques              | 53. <input type="checkbox"/> Watching Sports on TV             |
| 16. <input type="checkbox"/> Outdoor Gardening         | 35. <input type="checkbox"/> Foreign Travel                 | 54. <input type="checkbox"/> NONE OF THE ABOVE                 |
| 17. <input type="checkbox"/> Sewing                    | 36. <input type="checkbox"/> Gourmet Cooking/Fine Foods     |  |
| 18. <input type="checkbox"/> Walking for Health        | 37. <input type="checkbox"/> Coin/Stamp Collecting          |  |
| 19. <input type="checkbox"/> Automotive Work           | 38. <input type="checkbox"/> Collectibles/Collections       |  |

## 17 FROM THE ABOVE LIST, PLEASE INDICATE THE NUMBERS REPRESENTING THE 3 MOST IMPORTANT ACTIVITIES FOR:

--	--	--

YOU

--	--	--

YOUR SPOUSE

Thanks for taking the time to fill out this questionnaire. Your answers will be used for market research studies and reports — and will help us better serve you in the future. They will also allow you to receive important mailings and special offers from a number of fine companies whose products and services relate directly to the specific interests, hobbies, and other information indicated above. Through this selective program, you will be able to obtain more information about activities in which you are involved and less about those in which you are not. Please check here if for some reason you would prefer *not* to participate in the opportunity.



# how much is known about you? answer key

## 10 WHERE DID YOU PURCHASE THIS PRODUCT?

- |  |  |
|--|--|
| 1. <input type="checkbox"/> Camera Store     | 5. <input checked="" type="checkbox"/> Catalog   |
| 2. <input type="checkbox"/> Discount Store   | 6. <input type="checkbox"/> Received as a Gift   |
| 3. <input type="checkbox"/> Department Store | 7. <input type="checkbox"/> Sporting Goods Store |
| 4. <input type="checkbox"/> Mail Order       | 8. <input type="checkbox"/> Other                |

## 11 WHAT MOST INFLUENCED THE PURCHASE OF THIS PRODUCT?

- |   |  |
|---|--|
| 1. <input type="checkbox"/> Dealer recommendation       | 3. <input type="checkbox"/> Ads        |
| 2. <input type="checkbox"/> Professional recommendation | 4. <input type="checkbox"/> Dealer ads |
|   | 5. <input type="checkbox"/> Friends    |

## 12 THIS PRODUCT WILL BE USED PRIMARILY FOR:

- |   |  |
|---|--|
| 1. <input type="checkbox"/> Commercial/Industrial | 4. <input type="checkbox"/> Creative/Hobby           |
| 2. <input type="checkbox"/> Scientific/Medical    | 5. <input checked="" type="checkbox"/> Family/Travel |
| 3. <input type="checkbox"/> Photo Journalism      | 6. <input type="checkbox"/> Sports/Outdoors          |

## 13 HOW DID YOU PAY FOR THIS PRODUCT?

- |  |   |
|--|---|
| 1. <input type="checkbox"/> Cash                   | 4. <input type="checkbox"/> Store Credit Card |
| 2. <input type="checkbox"/> Personal Check         | 5. <input type="checkbox"/> Store Finance     |
| 3. <input checked="" type="checkbox"/> Credit Card | 6. <input type="checkbox"/> Other             |

## 14 WHICH OF THE FOLLOWING DO YOU USE REGULARLY?

1.  American Express, Diners Club, Carte Blanche
2.  Bank Credit Card (MasterCard, Visa)
3.  Gas, Dept. Store, etc. Credit Cards
4.  Airline Club/Frequent Flyer Program
5.  None of the above

## 15 FOR YOUR PRIMARY RESIDENCE, DO YOU:

- |   |   |
|---|---|
| 1. <input checked="" type="checkbox"/> Own a house? | 3. <input type="checkbox"/> Rent an apartment?        |
| 2. <input type="checkbox"/> Rent a house?           | 4. <input type="checkbox"/> Own a townhouse or condo? |

## 16 TO HELP US UNDERSTAND OUR CUSTOMERS' LIFESTYLES, PLEASE INDICATE THE INTERESTS AND ACTIVITIES IN WHICH YOU OR YOUR SPOUSE ENJOY PARTICIPATING ON A REGULAR BASIS:

- |   |   |  |
|---|---|--|
| 01. <input type="checkbox"/> Bicycling Frequently         | 20. <input type="checkbox"/> Electronics                    | 39. <input type="checkbox"/> Our Nation's Heritage             |
| 02. <input type="checkbox"/> Golf                         | 21. <input type="checkbox"/> Home Workshop/Do It Yourself   | 40. <input type="checkbox"/> Real Estate Investment            |
| 03. <input type="checkbox"/> Physical Fitness/Exercise    | 22. <input type="checkbox"/> Motorcycles                    | 41. <input type="checkbox"/> Stock/Bond Investments            |
| 04. <input type="checkbox"/> Running/Jogging              | 23. <input type="checkbox"/> Recreational Vehicles          | 42. <input type="checkbox"/> Veterans Benefits/Programs        |
| 05. <input type="checkbox"/> Snow Skiing Frequently       | 24. <input type="checkbox"/> Stereo, Records/Tapes/Discs    | 43. <input type="checkbox"/> Entering Sweepstakes              |
| 06. <input type="checkbox"/> Tennis Frequently            | 25. <input checked="" type="checkbox"/> Avid Book Reading   | 44. <input type="checkbox"/> Home Video Games                  |
| 07. <input type="checkbox"/> Bowling                      | 26. <input type="checkbox"/> Bible/Devotional Reading       | 45. <input type="checkbox"/> Household Pets (cats, dogs, etc.) |
| 08. <input type="checkbox"/> Camping/Hiking               | 27. <input type="checkbox"/> Current Affairs/Politics       | 46. <input type="checkbox"/> Money Marketing Opportunities     |
| 09. <input type="checkbox"/> Fishing Frequently           | 28. <input type="checkbox"/> Health Foods/Vitamins          | 47. <input type="checkbox"/> Science Fiction                   |
| 10. <input type="checkbox"/> Hunting/Shooting             | 29. <input type="checkbox"/> House Plants                   | 48. <input type="checkbox"/> Wildlife/Environmental Issues     |
| 11. <input type="checkbox"/> Power Boating                | 30. <input type="checkbox"/> Photography                    | 49. <input type="checkbox"/> Career-Oriented Activities        |
| 12. <input type="checkbox"/> Sailing                      | 31. <input type="checkbox"/> Attend Cultural/Arts Events    | 50. <input type="checkbox"/> Personal/Home Computers           |
| 13. <input type="checkbox"/> Crafts                       | 32. <input type="checkbox"/> Charities/Volunteer Activities | 51. <input type="checkbox"/> Science/New Technology            |
| 14. <input type="checkbox"/> Crossword Puzzles            | 33. <input type="checkbox"/> Fashion Clothing               | 52. <input type="checkbox"/> Watching Cable TV                 |
| 15. <input type="checkbox"/> Needlework/Knitting          | 34. <input type="checkbox"/> Fine Art/Antiques              | 53. <input type="checkbox"/> Watching Sports on TV             |
| 16. <input checked="" type="checkbox"/> Outdoor Gardening | 35. <input checked="" type="checkbox"/> Foreign Travel      | 54. <input type="checkbox"/> NONE OF THE ABOVE                 |
| 17. <input type="checkbox"/> Sewing                       | 36. <input type="checkbox"/> Gourmet Cooking/Fine Foods     |  |
| 18. <input type="checkbox"/> Walking for Health           | 37. <input type="checkbox"/> Coin/Stamp Collecting          |  |
| 19. <input type="checkbox"/> Automotive Work              | 38. <input type="checkbox"/> Collectibles/Collections       |  |

## 17 FROM THE ABOVE LIST, PLEASE INDICATE THE NUMBERS REPRESENTING THE 3 MOST IMPORTANT ACTIVITIES FOR:

1	6	2	5	3	5
---	---	---	---	---	---

YOU

--	--	--	--	--	--

YOUR SPOUSE

Thanks for taking the time to fill out this questionnaire. Your answers will be used for market research studies and reports — and will help us better serve you in the future. They will also allow you to receive important mailings and special offers from a number of fine companies whose products and services relate directly to the specific interests, hobbies, and other information indicated above. Through this selective program, you will be able to obtain more information about activities in which you are involved and less about those in which you are not. Please check here if for some reason you would prefer *not* to participate in the opportunity.



## how much is known about you? answer key

---

<b>field #</b>	<b>company</b>
2	PhoTech—for product updates
4	Kodak or other photo supply company
5	American Association of Retired Persons or magazines targeted to senior adults
6	Singles and dating organizations
7	Products and services that relate to leisure
8	None in this case
9	Credit card offers, group travel opportunities
10	Other mail order catalog companies
11	Photo magazine publishers
12	Travel opportunities, airline clubs
13	Other credit card offers
14	Banks and other lenders, insurance companies
16	Gardening supply catalogs, book clubs, travel clubs (e.g., Elderhostel)

name: \_\_\_\_\_

date: \_\_\_\_\_



## what your mail can tell you

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Collect examples of catalogs, sweepstakes offers, direct mail offers, and other unsolicited materials from home. Look to see who sent the materials and then ask yourself:

1. What is known about your (or your parents') age, sex, income, interests, and activities?

2. Where did the company get your (or your parents') name and address?



## lesson ten quiz: about consumer privacy

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### true-false

1. \_\_\_\_\_ The Freedom of Information Act allows access to most, but not all, private records of companies.
2. \_\_\_\_\_ Public databases include such information as credit reports, school records, and medical records.
3. \_\_\_\_\_ A credit report would include if a person had declared bankruptcy in the past.
4. \_\_\_\_\_ A credit bureau keeps track if people pay their bills on time.
5. \_\_\_\_\_ The Fair Credit Reporting Act allows a person to access his or her credit report.

### multiple choice

6. \_\_\_\_\_ An example of public records would be:
  - A. a credit card statement.
  - B. a telephone directory.
  - C. medical records.
  - D. an employment application on file with a company.
7. \_\_\_\_\_ Voter registration records are considered to be:
  - A. public records.
  - B. private records.
  - C. company records.
  - D. a database profile.
8. \_\_\_\_\_ A credit report would include a person's:
  - A. federal income tax data.
  - B. balances for electric bills and other utilities.
  - C. salary history.
  - D. balances for installment accounts.
9. \_\_\_\_\_ The organization that provides companies with information on a person's past use of credit is:
  - A. a credit union.
  - B. the Consumer Credit Counseling Service.
  - C. the Fair Credit Reporting Agency.
  - D. a credit bureau.
10. \_\_\_\_\_ When using an ATM, your PIN is designed to:
  - A. indicate your current balance.
  - B. provide the bank access to your financial records.
  - C. provide security as an authorized user.
  - D. indicate your credit rating.

### case application

Virginia recently received letters that her charge accounts are overdue. She noticed these were from companies from which she never made purchases. After further investigation, the purchases were for items she did not buy. What actions would you recommend for Virginia?



## lesson ten quiz: about consumer privacy answer key

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### true-false

1. f The Freedom of Information Act allows access to most, but not all, private records of companies.
2. f Public databases include such information as credit reports, school records, and medical records.
3. t A credit report would include if a person had declared bankruptcy in the past.
4. t A credit bureau keeps track if people pay their bills on time.
5. t The Fair Credit Reporting Act allows a person to access his or her credit report.

### multiple choice

6. B An example of public records would be:
  - A. a credit card statement.
  - B. a telephone directory.
  - C. medical records.
  - D. an employment application on file with a company.
7. A Voter registration records are considered to be:
  - A. public records.
  - B. private records.
  - C. company records.
  - D. a database profile.
8. D A credit report would include a person's:
  - A. federal income tax data.
  - B. balances for electric bills and other utilities.
  - C. salary history.
  - D. balances for installment accounts.
9. D The organization that provides companies with information on a person's past use of credit is:
  - A. a credit union.
  - B. the Consumer Credit Counseling Service.
  - C. the Fair Credit Reporting Agency.
  - D. a credit bureau.
10. C When using an ATM, your PIN is designed to:
  - A. indicate your current balance.
  - B. provide the bank access to your financial records.
  - C. provide security as an authorized user.
  - D. indicate your credit rating.

### case application

Virginia recently received letters that her charge accounts are overdue. She noticed these were from companies from which she never made purchases. After further investigation, the purchases were for items she did not buy. What actions would you recommend for Virginia?

*Virginia seems to be a victim of identity theft. She needs to contact these companies to cancel these accounts and to explain the situation. She needs to review her credit report for other abuses of her financial records, and also review her credit report every few months. She should also be cautious with the use of her Social Security number in the future.*