Unit 2.00 Review

Test Friday 10/2
Statements

- Know information about income/expense statement and the financial position statement
- the net gain/loss statement
- The net worth statement
Bank or credit union (which one?)

- 1. for profit
- 2. numerous financial services
- 3. pay higher interest rates
- 4. membership
- 5. largest depository institution
4 reasons why a spending plan is important part of financial plan

1. manage money in a positive manner
2. increase net worth
3. help set & reach goals
4. analyze the opportunity costs of your trade-offs to maximize financial well being
How do taxpayers pay taxes?

- Income tax
- Excise tax
- Payroll tax
- Sales tax
- Property tax
A bank credit card is

- A. comes straight out of your checking account
- B. comes straight out of savings account
- C. it will be a monthly expense to pay back
How many fees could be offered?

- Different types possible
- Vary between location and services
- One of the most important factors to consider

Types:
  - Minimum balance
  - Overdraft
  - ATM fee
A bank debit card is

- A. comes straight out of your checking account
- B. pay off at the end of each month
- C. comes out of savings account
Interest vs. interest rate

1. price paid to use someone else’s money
2. a saving account earns a percentage of
Should you live in a community? Why?

- Roads
- Libraries
- Military for national security
- Public schools
- Police & fire departments
How to track your expenses?

- Record in writing
- Smartphone
- Keep records
- Depository institution account statements
- Money management computer software
Responsibilities that go with a checking account

- Keeping up with balance
- When use debit card or write checks, make sure you have one in account
- Recording what you spend with debit cards or write checks
A PIN # is

- A. secret code
- B. personal identification number
- C. another word for Pen
Gross Income vs. Net Income

- Gross: Recorded on income section of statement
- Gross: before taxes
- Net: paycheck (what you take home)
Trade-offs and opportunity costs

- Trade off: giving up one thing for another
- Opportunity cost: The value of the next best alternative that you will give up as a result of your plan
Assets are

- Everything a person owns with monetary value
- Cash and value of personal possessions
- Examples: monetary, tangible,
A checking account is good for...

Which is true?
1. not intended for daily use
2. writing checks
3. using a debit card
4. quick fund access
5. earns higher interest rate
What are banking services provided by financial institutions?

- special needs payments
- Credit
- Safe deposit box
- Financial advice
- Transaction and savings tool
Net worth is

- Assets – liabilities = net worth
- The measure of financial wealth
How to increase your net worth?

- Increase assets and/or decrease liabilities
- Evaluate how you manage your money
Earned income comes from:

- Earned from working pay
- Wages before deductions
- Commissions
- Tax refunds
3 components of financial position

- Assets
- Liabilities
- Net worth
What are liabilities and where are they recorded

- Liabilities are a debt or obligation owed to others
  - Loans (mortgages), balance on credit card
- Liabilities are the loan total (total amount owed)
- Expenses are a monthly payment, what you pay each month
Net worth is an objective of

- Measure of wealth
Identify expenses

- Definition: money spent
- Vary from person to person
What are the categories for expenses

- Taxes
- Savings and investing
- Insurance
- Housing
- Transportation
- Food
- other