Consumer Math B

**Unit 4: Savings and Financial Planning**

**Lesson 1 – Goal Setting**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. Which example is NOT a type of savings instrument?

* savings account
* investment account
* certificate of deposit
* **checking account**

Question 2: \_\_\_\_\_ is the amount paid when you purchase a home that covers additional expenses like taxes and title fees.

* Down payment
* **Closing costs**
* Assessment fees
* Homeownership fees

Question 3: For questions 3–4, you will be answering by filling in the blanks. Round to the nearest penny. You want to purchase a house in 5 years. You estimate its cost as $150,000 and you want to make a 20% down payment. How much do you need to save each month?

* **500.00**

Question 4: For questions 3–4, you will be answering by filling in the blanks. Round to the nearest penny. If you want to include closing costs of 5% with your down payment, how much additional money must you save per month?

* **125.00**

**Lesson 2 – Short-term vs. Long-term**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. Which of the following goals is NOT a long-term goal?

* saving for the down payment on a house
* **saving for a weekend vacation**
* saving for retirement
* saving for higher education such as college

Question 2: A \_\_\_\_ is when you write a check for a large amount due all at one time.

* **lump-sum payment**
* retirement plan payment
* car payment
* credit payment

Question 3: For questions 3–4, you will be answering by filling in the blanks. Round to the nearest penny. You are going to a 4-year college in 4 years that will cost $14,895.00/yr. Your parents expect you to pay 5% of the total cost. How much do you need to pay for each year of attending?

* **744.75**

Question 4: If you want to save your total contribution for all 4 years before you start attending college, how much do you need to save each month if you have 4 years to accomplish your goal?

* **62.06**

**Lesson 3 – An Introduction to Investing: Being Realistic**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. Another term for adding money to an account is \_\_\_\_\_ .

* Additional
* Submission
* **contribute**
* payment

Question 2: Which situation allows you to have the most saved?

* having a set amount set aside for savings each time you are paid
* **having a set minimum or percentage for savings whichever is greater**
* having a percentage set aside for savings
* having a percentage set aside for savings when your pay is higher and hours are more

Question 3: For questions 3–4, you will be answering by filling in the blanks. Round to the nearest penny. You have a part-time job that pays $4.75/hr with tips averaging $4.50/hr. Your deductions are FICA (7.65%), federal tax withholding (12.5%), and state tax withholding (6.85%). You work 20 hours per week. You want to save $40.00/wk, how much is left of your discretionary income per week? Assume that all of the income from your part-time job is discretionary.

* **95.05**

Question 4: You decide to save 15% of your realized income. How much do you save per month?

* **81.03**

**Lesson 4 – An Introduction to Investing: Risk**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. \_\_\_\_\_ is NOT considered a high risk investment.

* Investing in stocks
* **Investing in CDs**
* Investing in start-up ventures
* Investing in entrepreneurial activities

Question 2: The DOW is where \_\_\_\_\_ are exchanged.

* certificates of deposit
* bonds
* **stocks**
* companies

Question 3: Please be aware that your answer must include any commas or decimals in their proper places in order to be correct. Round to the nearest penny. You invest $2,500.00 in a stock plan, buying 125 shares. If each share increases in value by 10%, how much is each share worth?

* **22.00**

Question 4: Please be aware that your answer must include any commas or decimals in their proper places in order to be correct. Round to the nearest penny. You buy 200 shares at $15.25/share. Your investment gains 10% the first year, and then loses $1.00/share the second year. How much has your total investment increased by the second year?

* **105.00**

**Lesson 5 – Diversifying Your Savings (Portfolio)**

**Lesson 6 – An Introduction to Investing: Stock Market**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. Where stocks are traded can be called any of these EXCEPT \_\_\_\_.

* Exchange
* market
* **investment arena**
* trading floor

Question 2: CDs, savings accounts, and savings bonds are examples of \_\_\_\_\_.

* savings accounts
* **savings instruments**
* investment returns
* investment banks

Question 3: You buy 100 shares of a company's stock at $9.75/share and place the same amount in a savings account earning a 4.5% APR. The stock gains 8% in the first year. What is the difference in total value between your stocks and savings account by the end of the first year? Round to the nearest penny.

* **34.12**

Question 4: You invest $3,150.00 in a stock plan. The first year, it loses 5% of its value. The second year, it gains 9% of its value. What is the difference between the value of your stocks at the end of the second year and your initial investment? Round to the nearest penny.

* **111.83**

**Lesson 7 – Get it in Writing: Renting**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. A(n) \_\_\_\_\_ is a written agreement between different parties.

* **contract**
* commitment
* month-to-month
* annual commitment

Question 2: A(n) \_\_\_\_\_ is NOT an example of an agreement.

* lease
* month-to-month
* annual
* **fine print**

Question 3: Your parents are considering renting you an apartment instead of paying room and board at your college. The month-to-month contract is $539.00/month and the annual contract is $467.00/month. If you break the annual contract, there is a 2-month penalty. How much do your parents save if you stay a whole year by entering into an annual contract rather than a month-to-month contract? Round to the nearest penny.

* **864.00**

Question 4: Your parents are considering renting you an apartment instead of paying room and board at your college. The month-to-month contract is $539.00/month and the annual contract is $467.00/month. If you break the annual contract, there is a 2-month penalty. If you enter into an annual contract but decide to leave after 5 months, how much do your parents lose by not doing the month-to-month contract? Round to the nearest penny.

* **574.00**

**Lesson 8 – Get it in Writing: Unilateral Contracts**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. Which of the following is an example of a contract where both parties have an equal say in the terms?

* Unilateral
* **bilateral**
* credit card
* rental agreement

Question 2: When both parties discuss the terms of a contract, they are \_\_\_\_\_.

* contracting
* **negotiating**
* agreeing
* committing

Question 3: For questions 3–4, you will be answering by filling in the blanks. Round to the nearest penny. Your friend wants to borrow $1,137.45 from you to pay off a credit card that charges a 14.7% APR. You agree to the loan but require your friend to pay you interest of 3.6% APR on the loan and your friend agrees. Your friend pays you $200.00 at the end of the first month. How much goes toward the principal?

* **196.59**

Question 4: How much interest does your friend save compared to the credit card at the end of the first month?

* **10.52**

**Lesson 9 – The Internet is Your Friend: Online Banking**

**Quiz**

Question 1: Read each question carefully. Choose the best answer for each question or statement. To trade stocks in a stock market is called all of these EXCEPT \_\_\_\_\_.

* Exchange
* buy/sell
* trade
* **open market**

Question 2: Closing costs are calculated based on \_\_\_\_\_.

* down payment made
* **selling price of the house**
* loan amount minus down payment
* selling price of the house minus down payment

Question 3: Which savings instrument is considered the riskiest?

* **stock**
* CD
* Treasury bond
* savings account

Question 4: When a stock increases in value, you have a \_\_\_\_\_.

* Loss
* increase
* decrease
* **gain**

Question 5: For questions 5–10, you will be answering by filling in the blanks. Round to the nearest penny. You want to purchase a house in 7 years. The estimated cost is $180,000.00 and you want to make a 20% down payment. How much do you need to save per month in order to cover your down payment?

* **428.57**

Question 6: You are planning to attend a 2-year college at a cost of $8,278.00/yr for your associate’s degree and then 2 years more at a university costing $14,675.00/yr for your bachelor’s degree. Your parents want you to pay 10% of the cost. How much of your higher education cost is your responsibility?

* **4590.60**

Question 7: You have a part-time job paying $8.95/hr and your deductions are FICA (7.65%), federal tax withholding (9.3%), and state tax withholding (5.8%). You save $30.00/wk for a savings account. If you work 15 hours/wk, how much discretionary income is left each week? Assume that all of the income from your part-time job is discretionary

* **73.70**

Question 8: You invest $3,756.00 and buy 100 shares of a company's stock. Their value increases by 12%. How much is each share worth?

* **42.07**

Question 9: You invest $5,175.00 in a stock plan. It increases 9% the first year, and then loses 5% of its value the second year. What is your gain compared to your original investment?

* **183.71**

Question 10: Your parents are planning to rent you an apartment when you go to college. The annual contract is $535.00/month with a 2 month penalty for breaking the lease. The monthto-month contract is $615.00/month. What is the difference in the amount paid if you leave after 8 months?

* **430.00**

**Lesson 10 – The Internet is Your Friend: Direct Deposit**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. Which is NOT a benefit of direct deposit?

* The money is available as soon as your employer makes the transfer.
* You do not need to drive to the bank to make a deposit.
* You can plan when you are paying bills.
* **You can avoid having a hold placed on when funds are available.**

Question 2: When accessing your credit card information online, you cannot \_\_\_\_\_.

* see statements
* view the balance
* **make purchases**
* view the bill due dates

Question 3: For questions 3–4, you will be answering by filling in the blanks. Round to the nearest penny. You earn $13.76/hr part-time and work 10 hrs/wk. Your deductions are FICA (7.65%), federal tax withholding (9.8%), and state tax withholding (7.13%). You have 75% of your pay direct-deposited. How much is given to you as a check per week?

* **25.92**

Question 4: Of the amount direct-deposited from Problem 3, you have 50% placed into a savings account. How much is deposited in the saving account each month?

* **155.52**

**Lesson 11 – The Internet Is Your Friend: Financial Software**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. This service alerts you when there is a change in your credit report.

* **credit monitoring**
* credit reporting
* credit score
* credit response

Question 2: Financial software can do all of the following EXCEPT \_\_\_\_.

* keep track of expenses
* monitor your savings
* prepare your taxes
* **apply for loans**

Question 3: For questions 3–4, you will be answering by filling in the blanks. Please be aware that your answer must include any commas or decimals in their proper places in order to be correct. The dollar signs have been provided. For example, if the answer is $1,860.78, then you will enter into the blank 1,860.78. Do not place any extra spaces between numbers, commas, or decimal places. Round any decimals to the nearest penny when the answer involves money, so that $986.526 would be typed into the blank as 986.53 and $5,698.903 would be typed into the blank as 5,698.90.



What is the difference in what you have as a balance in your check register versus your online statement by 11/18?

* **34.78**

Question 4: What is the combined total of the 2 transactions they have in common?

* **206.99**

**Lesson 12 – Review: Money’s Many Uses**

**Quick Check**

Question 1: Read each question carefully. Choose the best answer for each question or statement. The main goal of a personal budget is to \_\_\_\_\_.

* have income equal expenses
* have expenses be greater than income
* **have income be greater than expenses**
* create personal savings

Question 2: The maximum amount you should pay toward housing costs each month in relation to your realized income is \_\_\_\_\_.

* 26%
* **28%**
* 30%
* 36%

Question 3: For questions 3–4, you will be answering by filling in the blanks. Please be aware that your answer must include any commas or decimals in their proper places in order to be correct. The dollar signs have been provided. For example, if the answer is $1,860.78, then you will enter into the blank 1,860.78. Do not place any extra spaces between numbers, commas, or decimal places. Round any decimals to the nearest penny when the answer involves money, so that $986.526 would be typed into the blank as 986.53 and $5,698.903 would be typed into the blank as 5,698.90. You owe $976.34 on a credit card that has an interest rate of 10.75% APR. You pay $100.00 at the end of each month. Calculate the difference between the interest accrued by a $976.34 balance on the credit card and what $100.00 would earn in a savings account that has an interest rate of 2.75% APR over the span of one month.

* **8.52**

Question 4: How much is paid toward the credit card principal at the end of the first month?

* **91.25**

**Lesson 13 – Review: Planning Ahead and Contracts**

**Quick Check**

Question 1: Is it ever too late to save for retirement?

* Yes, you want to begin saving at least 5 years before you plan to retire.
* **Yes, you want to begin saving at least 25 years before you plan to retire.**
* Yes, you want to begin saving at least 35 years before you plan to retire.
* Yes, you want to begin saving at least 45 years before you plan to retire.

Question 2: Before signing a contract, you should \_\_\_\_\_.

* read the fine print
* ask to have time to review it
* have someone else look over the contract
* **all of the above**

Question 3: Your housing and fixed expenses are $702.38/month. What is your realized income for the month if your expenses account for 30%? Round to the nearest penny.

* **2341.27**

Question 4: Your housing and fixed expenses are $702.38/month. You want to have a 4-month emergency fund and save it over a 9-month period of time. How much do you need to save per month? Round to the nearest penny.

* **312.17**

**Lesson 15 – Unit Test Part 1**

**Test**

Question 1: Read each question carefully. Choose the best answer for each question or statement. The investment you make into a start-up company is also known as \_\_\_\_.

* **venture capital**
* first-time investment
* entrepreneurial capital
* beginning capital

Question 2: The correct order for saving should be \_\_\_\_\_.

* emergency fund, retirement, pay off credit debt
* retirement, emergency fund, pay off credit debt
* **pay off credit debt, emergency fund, retirement**
* pay off credit debt, retirement, emergency fund

Question 3: Investing in stock plans is \_\_\_\_\_.

* low risk
* **high risk**
* FDIC protected
* a set increase in your original investment

Question 4: To place your savings into different types of savings instruments is to \_\_\_\_\_.

* split invest
* **diversify**
* divide interest
* dilute your investing power

Question 5: Purchasing a home usually requires \_\_\_\_ for the down payment.

* a loan
* **a lump sum**
* a credit account
* nothing

Question 6: Which of the following is NOT an example of a contract?

* credit card
* rental
* lease
* **borrowing lunch money**

Question 7: Gains and losses on investments are also known as \_\_\_\_.

* net gains
* **return on investment**
* net investments
* investment reward

Question 8: The U.S. Treasury issues \_\_\_\_\_ for you to purchase.

* grantor bonds
* savings instruments
* **savings bonds**
* treasury instruments

Question 9: You want to buy a used car for $8,648.00 plus 4.7% sales tax. You want to make a 5% down payment. How much is your down payment? Round to the nearest penny.

* **452.72**

Question 10: You want to buy a house in 9 years. The estimated cost is $175,800.00. You want to make a 20% down payment and closing costs are 7%. How much in totality do you need to save each month to reach your goal if you cover closing costs and the down payment? Round any decimals to the nearest penny.

* **439.50**

Question 11: Round to the nearest penny. You have a part-time job that pays $4.70/hr and average tips are $3.85/hr. Your deductions are FICA (7.65%), federal tax withholding (12.3%), and state tax withholding (8.2%). You work 13 hr/wk. You save 15% of your realized income each week. How much do you save per month?

* **47.92**

Question 12: Round any decimals to the nearest penny. You invest $1,050.00, buying stock in a company at $10.00/share. The shares increase in value by 13% the first year and decrease by 5% the second year. How much is the total value of your stocks in the second year? (Remember to round the per-share price to the nearest penny before completing any other computations.)

* **1,127.70**

Question 13: Round any decimals to the nearest penny. You invest $2,000.00 in a stock plan and another $2,000.00 in a savings account. The stock plan decreases by 7% the first year and gains 10% the second year. The savings account earns a 3.7% APR and compounds annually. What is the difference in earnings between the stock and savings account at the end of the second year?

* **104.74**

Question 14: Please be aware that your answer must include any commas or decimals in their proper places in order to be correct. Do not place any extra spaces between numbers, commas, or decimal places. Round any decimals to the nearest penny. Your parents are renting an apartment for you when you go away to college. An annual contract is $502.00/month with a 2-month penalty if you break the lease. The month-tomonth contract is $615.00/month. How much is the difference in payments if you stay the whole year?

* **1,356.00**

Question 15: Round any decimals to the nearest penny. Using the information from #14, you leave after 6 months. How much is the difference in the amount paid between the two contracts?

* **326.00**

Question 16: Round any decimals to the nearest penny. You have direct deposit. Your job pays you $8.55/hr and you work 15 hr/wk. Your deductions are FICA (7.65%), federal tax withholding (10.4%), and state tax withholding (7.7%). How much is deposited bi-weekly?

* **190.45**

Question 17: Please be aware that your answer must include any commas or decimals in their proper places in order to be correct. Do not place any extra spaces between numbers, commas, or decimal places. Round any decimals to the nearest penny. You have housing and fixed expenses of $631.72/month and they are 33% of your realized income. What is your realized income per month?

* **1,914.30**

Question 18: Round any decimals to the nearest penny. You have housing and fixed expenses of $813.52/month. You want to have a 6-month emergency fund and you want to have it funded in 18 months. How much must you save per month?

* **271.17**

**Lesson 15 – Unit Test Part 2**

**Test**

Question 19: Note: Enter your answer and show all the steps that you use to solve this problem in the space provided.

For questions 19–20, you will be answering WorkPad questions (6 points each – 2 points for the correct answers and 4 points for a correct explanation of your process). You save $5,000.00 and invest 60% of it in stocks while leaving the rest in a savings account earning a 4.9% APR. The stock increases 9% in the first year and loses 4% of its value the second year. What is the total amount gained during the 2 years? What would the gain have been if all of the investment had been left in the savings account?

Be sure to include in your response:

* the answer to the original question
* the mathematical steps for solving the problem demonstrating mathematical reasoning

Question 20: Note: Enter your answer and show all the steps that you use to solve this problem in the space provided.

You want to purchase a house in 10 years. You estimate the cost will be $184,500.00. You want to make a 20% down payment and pay closing costs, which are 8.5%. How much are the down payment and closing costs? How much do you need to save each month to reach your goal?

Be sure to include in your response:

* the answer to the original question
* the mathematical steps for solving the problem demonstrating mathematical reasoning