

Name: _____ Date: _____ Block: _____

Personal Finance Introduction Packet

Directions: Answer the following questions in complete sentences. Use the reading attached to find the answers. This unit is covered on the EOC Milestone, so be sure to take this seriously. **This packet is due on Monday, November 28 when you return from Thanksgiving Break.** Do NOT wait until Sunday night!! Do a little each day to keep your mind ready for the EOC next month. Good luck!!

1. What do high prices drive consumers to do?
2. What do high prices drive firms to do?
3. What do low prices drive firms to do?
4. What do low prices drive producers to do?
5. Define what an incentive is and describe how people respond to these.
6. How do high interest rates affect people's willingness to borrow money?
7. How do low interest rates affect people's willingness to borrow money?
8. How do high wages affect people's willingness to work?
9. How do low wages affect people's willingness to work?
10. In terms of wages what is a firm's goal?
11. Explain the PACED decision making model. Be sure to explain what each letter means and how each of these steps in the decision-making model work.

12. Look up what a decision-making grid is and construct one in the space provided for a decision that you have recently made.

13. What does current consumption spending mean?

14. Why is it a good idea to save money for the future?

15. Describe what a savings account is.

16. Describe what a stock is.

17. Describe what a bond is.

18. Describe what a mutual fund is.

19. Amongst savings accounts, stocks, bonds, and mutual funds rank these in terms of greatest risk to least amount of risk. Also rank these from most risky to least risky.

20. Describe the relationship between risk and range of possible outcomes.

21. Describe the relationship between risk and return.

22. How is the return on an investment calculated?

23. What does making investments lead to?

24. What is real investment spending or physical capital investment and what is it a component of?

25. What is the difference between real investment and financial investment?

26. Describe how a commercial bank works.

27. Describe how a credit union works.
28. Describe how a savings and loan works.
29. Who benefits from inflation?
30. Who loses from inflation?
31. Define progressive taxes and describe who does this kind of tax hurt worse.
32. Define regressive taxes and describe whom this kind of tax hurts worse.
33. Define proportional taxes.
34. What is a sales tax and how does this affect the rich and the poor?
35. List several factors that affect someone's credit worthiness.
36. Why is it a good idea to shop for different credit cards and loans before borrowing money?
37. Describe the difference between simple and compound interest.
38. Describe the formula for compound interest.
39. Describe what a premium is in terms of insurance.
40. What is a deductible?
41. How does automotive insurance works?
42. What is collision insurance?
43. What is liability insurance?
44. What is comprehensive insurance?

45. How does health insurance work?
46. What is basic health insurance?
47. What is major medical insurance?
48. What is dental insurance?
49. What is vision insurance?
50. How does renter's insurance, and why should you buy it as soon as you move out of your parents' house?
51. How does homeowner's insurance work?
52. What is physical damage insurance?
53. What is loss or theft insurance?
54. What is liability insurance?
55. How does disability insurance work?
56. How does life insurance work?
57. Explain the costs and benefits associated with the different types of insurances.
58. Identify some of the skills necessary to be successful in the workplace.
59. How does investment in education, training and skill development lead to financial gain in the future?
60. Why would the state of Georgia find this information important for you to know?