

Name: Olivia Nye
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Project 1: Financial Literacy

1. What did you learn from this assignment that you didn't know before?

I learned an incredibly wide variety of knowledge and skills from this assignment. In terms of financial knowledge, I learned how mortgages work, the value of mutual funds, the importance of waiting to buy a house until you can afford to make a substantial down payment, among many other important financial concepts that I had not been exposed to previously.

I found the opportunity to practice coding in C whilst completing this assignment to be extremely valuable. Specifically, I developed a greater understanding of structs, file input and output, pointers, and general C syntax and structure.

2. How much more debt did nfl end up paying compared to fl?

Nfl paid \$2938.14 more debt than fl.

3. How many more years was nfl in debt compared to fl?

Nfl was in debt for 14 more years than fl. Nfl had 32 years with debt whereas fl only had 18 years with debt.

4. How much more money does fl have at the end of 40 years compared to nfl?

Fl has \$1482675 more money than nfl at the end of 40 years.

5. You don't need to test each function to answer this question, but which decision do you think had the greatest effect on the disparity between nfl and fl?

The decision to save money in a mutual fund with 7% interest rather than a regular savings account with a 1% interest rate certainly had the greatest effect on the wealth disparity between fl and nfl. When one puts 20% of their income into savings for 40 years and only removes money from that while paying off credit card and student loan debt that does not increase once it gets completely paid off (even with interest on debt, leaves you with many years of pure gain).

6. Come up with three life financial decisions (that were not mentioned in this assignment) that a non-financially literate person and a financially literate person might make differently. Specify which person would make which decision.

1. Deciding if/when to have children

- a. FI would only have children once they have enough money in savings to take on another dependent for multiple years, and/or confidence in the security of their future income.
 - b. Nfl would have children without regard for finances
 2. The car you decide to buy
 - a. A financially literate person would buy a car that may be more expensive up front but is more reliable, cheaper to maintain/repair and has better gas mileage
 - b. A not financially literate person would buy a car that is cheaper up front but that may need to be replaced in just a few years, may be quite expensive to repair/maintain, or has very poor gas mileage.
 3. Saving for retirement
 - a. A financially literate person would begin saving for retirement as soon as they have a stable income and has money left over after paying for essentials.
 - b. A not financially literate person would begin saving for retirement when the option to retire in upcoming years (5-10) becomes an option.
- 7. Plot the wealth of nfl and fl using your favorite graphing software (e.g. Excel).**

