CHAPTER 17

BUDGET, SAVE, and INVEST MONEY

TEXTBOOK QUESTIONS

P411 - Taking Action

1. Anna has trouble saving since she spends her money on essentials all at once, such as the bills and car repair, and at the same time, thinking about spending her money on pointless things, when she needs to focus on saving money.

2. Anna might want to start a savings plan to help her manage her money better and more efficiently. As of now, what Anna is doing isn’t really working. A saving plan would help her work and do things that she wants without planning expenses by herself.

P412 - What Would You Do

I would not ditch the budget but stick to it. But also, I would save some extra money just in case any emergencies come up.

P418 - 17-1 Assessment

1. You should keep a record of income and expenditures because it allows you to manage your money better since you would know how much you’re earning and spending.

4. It’s important to set some money aside for saving when you get paid because if you have an emergency, you will have funds to back it up with.

P419 - What Would You Do

I wouldn’t change banks just to get a free camera since it is really an unwise idea to do so. I will stick with my current bank.

P423 - 17-2 Assessment

1. This expression, “Pay yourself first” means that people should reward themselves through taking a small portion of their earnings and spending it on themselves.

2. Two reasons to set aside savings are incase there is an emergency, like a medical emergency. Another reason is if you want to reach a financial goal, such as saving up to buy something you always wanted to buy.

P425 - What Would You Do

I would look into jobs that might interest me and research about it. I would ask people about what that job entails and more information about it, before settling with majoring in it in college

P428 - 17-3 Assessment

1. The main difference between investing and saving is the risk. Saving provides no risk, but a low return. Investing has a lot of risks, and a high return. Also, investing is a long-term strategy for finances while saving is a short-term strategy.

2. The two ways you can earn money from stocks are selling them at a higher price than when you bought it and dividends.

4. The difference between bonds and stocks are that stocks are a part ownership of a company. Meanwhile, bonds are loans made to the company or agency.

7. The main advantage offered by money market funds are small investors can take advantage of the high interest rates on the funds.

P429 - Credit Billing Blues

1. The Fair Credit Billing Act does not allow people to make complaints over telephone because over the phone, there’s less protection for the caller.

2. You can protect yourself from identity theft by not sharing your social security number and memorize it.

P433 - Think Critically

31. I think giving money to charity is a very generous thing to do and it can be written off in their taxes.

32. I believe the government spends more than it takes in due to take care of their country and other foreign countries. Also, they can always increase their taxes to compensate for their deficit spending.

36. The statement “You shouldn’t invest more in stocks than you can afford to lose” is true since you will remain financially stable if the value in stocks ever goes down. If they do go down, you’d be able to pay for necessities if you can afford to lose it.

37. The Patriot Act makes it more difficult to open a bank account because it makes it harder for identify theft. Financial accounts make it more difficult for the effort of terrorists to affect the country through making firewalls and blocking them from making bank accounts or hacking into bank accounts.