CHAPTER 17

BUDGET, SAVE, and INVEST MONEY

TEXTBOOK QUESTIONS

P411 - Taking Action

1. Anna has trouble saving because she spends her money on her essentials all at once like the bills and car repair while also making some fraudulent expenses.

2. She might want to start a savings plan to help her manage her money more effectively because right now the plan she is using to try and save isn’t working. With a savings plan she would be able to work and do the things she wants to do without the stress of having to plan out all her expenses herself.

P412 - What Would You Do

?? I would stick with the budget I had but also make a smaller budget that I would put money in every week or so, whatever I could spare at the time for emergency expenses like this so when they do come I will have the money to pay for it.

P418 - 17-1 Assessment

1. You should keep a record of expenditures and income to manage your money more effectively by knowing how much you’re spending and earning.

4. It is very important to set aside money as soon as you are paid so you have some sort of savings to use in case of emergencies rather than most likely having nothing left if you don’t set aside money.

P419 - What Would You Do

?? I would realize that moving to an entirely new bank for a camera is a stupid decision and stay at the bank I’m currently depositing my money in.

P423 - 17-2 Assessment

1. The expression pay yourself first means that one should reward themselves for working by taking a small portion of money that they made and spending it on themselves.

2. The two reasons to set aside savings are in case of an emergency happening that requires you to pay like the engine of your car blowing out and needing it repaired, the other reason is to achieve a financial goal like buying a new mountain bike.

P425 - What Would You Do

?? I would look more into these jobs and how they align with my goals in life. If I do find myself having deeper interest in these jobs I would find someone I know or someone I can contact that works in one of these jobs to see if it is a right fit for me and then decide to major in it in college.

P428 - 17-3 Assessment

1. Investing is different than saving because investing provides long term strategies for finances rather than saving being a short-term strategy.

2. Two ways you can make money from stocks are from dividends and selling stocks at higher prices than when you bought them.

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

7. The main advantage offered by money market funds are that they allow for small investors to “take advantage” of the high interest rates on the funds.

P429 - Credit Billing Blues

1. It does not cover complaints made by telephone because calling over telephone does not allow for the Fair Credit Billing Act to use its full power to protect the caller in the call.

2. You can protect yourself from identity theft by keeping your social security card in a safe and protected place in your house after you memorize it and don’t share it with anyone after memorizing it, same with credit card numbers.

P433 - Think Critically

31. Giving money to charity is very reputable and good thing to do especially because giving money to charity can be written off in one’s taxes.

32. I think this is the case because the government can change the taxes to compensate for the deficits made in their overspending.

36. This statement is very true because if you invest in stocks more than you’ll be able to stay financially stable if they fall then in the case they do fail you will be without saving you could have had to keep yourself with life’s necessities.

37. The patriot act made it more difficult to open a bank account so if someone is stealing another’s identity it would be more difficult to abuse this theft by making a new bank account. Financial accounts make it more difficult for the efforts of terrorists to effect the country by creating firewalls and safe blocks in front of these bank accounts, that the terrorists want to get into.