

Office hrs: MWF 10:00 - 11:30 AM, 12:00 - 1:00 PM.

WSC 107.

Midterm: Feb 26, 6:00 - 8:00 pm.

Things will lead to financial insecurity.

1. Job loss.
2. Illness/injury/disability.
3. Premature death.
4. Old age.

Things to reduce financial insecurity

1. Individual: savings/insurance.
2. Employers: .
3. Government: government policy.

Programs and products:

1. Retirement saving plans.
2. Employer pension plans.
3. Government social security programs.
4. Long-term care insurance.
5. Health insurance plan.
6. Disability insurance.

Poverty charges interest: poverty will become more serious as time changes.

What is economic security?

Def: A state of mind or a sense of well-being by which a person is relatively certain that he/she can satisfy basic needs and wants, both present and future.

Income: 1. Savings

2. Wages.

3. Ownership of property

4. private/public transfer payment.

The receive of income must be continuously.

The real income must also be considered.

the amount of good you can purchase with your income which will be affected by income and inflation.

The receipt of income must at a level of poverty or subsistence level of living.

Poverty: having insufficient material goods/services so that a person's basic needs and wants cannot be satisfied.

Economic security is relative to the standard of living enjoyed by others.

as the standard of living changing over time, the concept of economic security also change.

Examples 1. Loss of income

of
economic
insecurity

1) Due to the loss of job, either temporary or permanent

2) Due to erosion of real income over time.

3) Unless a person has sufficient financial assets, past saving, or other source of the replacement of income, he will no longer satisfy his needs.

2. Additional expenses.

1) Such as medical bill due to being injured or having a serious accident.

2) These events could cause a loss of income if one's work is affected.

3. Insufficient income.

4. Uncertainty income.

Cause of Economic Insecurity:

1. Premature death of the family head: loss of income.

↓ included. Premature death: death of a family head with unfulfilled financial obligation.

economic cost: e.g. college education fund.
non-
= e.g. grief and pain of the surviving dependents, loss of role model.

2. Old Age: the loss of earned income.

poor health \Rightarrow additional expenses.

inflation \Rightarrow inadequate income.

3. Poor Health: catastrophic medical bill.

probability of the loss of earned income.

4. Unemployment: loss of earned income.

5. Substandard Income: insufficient income. \Rightarrow poverty.

6. Inflation: insufficient income \Rightarrow

7. Natural Disasters: loss of income

additional expenses \Rightarrow recovery.

psychological discomfort.

8. Children Born Outside Marriage:

\uparrow insufficient income for the mother side.

生下 = 猪心 extra expenses.

9. Personal Factors.



1) divorce \Rightarrow woman with minor children.

2) Alcohol & Drug Addiction.

3) Gambling

4) Domestic Violence.

5) Personal Bankruptcy. (个人破产, 破产).

I. unpaid medical bill.

II. the abuse of credit.

暴走

丧失抵押品赎回权.

III. the housing market collapsed and foreclosures sharply during the severe recession in 2008 and 2009.

IV. unforeseen events can result in personal bankruptcy, e.g. unexpected death or disability of a family head.