

ANSWERS

Oklahoma Personal Financial Literacy Student Guides and Teacher Guide

The Student Guides and the Teacher Guide were written and created by Oklahoma educators under the direction of OCEE and in collaboration with the Oklahoma State Department of Education.



STUDENT GUIDES

Lesson 1.1

Jobs vs Careers Review Answers

Answers will vary.

Calculating Annual Income Activity A Answers

Males

HS Diploma	\$40,379		Bachelor's Degree	\$78,485
Bachelor's Degree	\$78,485		Master's Degree	\$97,222
Difference	\$38,106		Difference	\$18,737
Calculate the difference x 10	\$381,060		Calculate the difference x 10	\$187,370

Females

HS Diploma	\$24,162		Bachelor's Degree	\$46,901
Bachelor's Degree	\$46,901		Master's Degree	\$56,060
Difference	\$22,739		Difference	\$9,159
Calculate the difference x 10	\$227,390		Calculate the difference x 10	\$90,159

What could be the potential earnings difference over a lifetime? How does it change your perspective on a getting additional education?

Answers will vary.

Jobs vs Careers Activity B Answers

Answers will vary.

Lesson 1.2

Income and Taxes Review Suggested Answers

1. Explain the difference between gross income and net income.
Gross Income - Wages or salary before deductions for taxes and other purposes.
Net Income - Your income after all deductions and exemptions.
2. Identify two different types of deductions that an employer is required to subtract from a paycheck.
Social Security taxes (or FICA taxes)
Income Tax
3. Identify two different types of optional deductions that an employer may subtract from a paycheck.
Meals, Uniforms, Insurance
4. What is the complete name of FICA? What two payroll taxes does it include?
Federal Insurance Contributions Act. It included both Social Security and Medicare

Paycheck Deductions Activity A Answers

1. What is the name of Zooma Round's employer?
Lawns R Us
2. How much did Zooma earn before deductions on this pay stub?
\$294 for the pay period or \$3,592 for the year to date
3. What is Zooma's hourly wage?
\$6 (240/40)
4. What are Zooma's deductions?
Income tax, State tax, FICA tax, Meals
5. What percent was Zooma's net pay for this pay period? (round to the nearest whole number)
76% Rounded to nearest % (223.43/294)
6. Using the gross pay, what percent was the federal tax? State tax? FICA? (round to the nearest whole number)
Federal 15% $42.65/294 = .1450$ State 3% $8.67/294 = .2948$ FICA 6% $16.25/294 = .0552$

7. What pay period does Jennifer Brown's paycheck cover?
8-6 to 8-12
8. How much income tax has been taken out of Jennifer's paycheck so far this year?
\$372.01
9. How much did Jennifer contribute to a retirement plan from this paycheck?
\$5
10. How much is Jennifer's take-home pay?
\$296.26
11. What percent was Jennifer's net pay of her gross pay? (round to nearest whole number)
 $296.26/374 = .9372$ 94%
12. Using the gross pay, what percent was the federal tax? State tax? FICA? (round to the nearest whole number)
Federal – $30.75/374 = .0822$ 8% State – $9.50/374 = .0254$ 3% FICA – $22.49/374 = .0601$ 6%

Lesson 1.3

Goal Setting Review Answers

1. Matching answers
- b 1. The process used to determine what an individual wants to be, do, or have, i.e., what a person wants to accomplish.
 - e 2. Goals that could take five years or more to accomplish.
 - a 3. A statement about what a person wants to be, do, or have, accomplished by taking certain steps; provides direction to a plan of action.
 - d 4. Goals that are met between one and three years.
 - c 5. Goals that are obtained more immediately.
2. Write a short paragraph explaining the reason for setting goals.

Answers will vary.

Goal Setting Practice Activity A Answers

Answers will vary.

Setting Goals for Life Activity B Answers

Answers will vary.

Lesson 1.4

Tracking Your Money Review Answers

1. Which of the following is a fixed expense?
 - a. **Rent**
 - b. Food
 - c. Entertainment
 - d. Clothing
2. Which of the following is a variable expense?
 - a. Loan payment
 - b. **Eating out**
 - c. Garbage
 - d. Cable

3. Explain the purpose of having a budget.

A budget is a spending plan that can help us get where we want to go.

4. Identify the steps you need to take to prepare a personal budget.

Set realistic goals

Identify sources of income and how much you have to spend every month

Identify and track expenses

Put 10% of your income into savings

Classify expenses as Fixed and Variable

Adjust variable expenses as needed

Review and adjust your budget several times a year

Daily/Weekly Spending Log Activity A Answers

Answers will vary.

Student Budget Form Activity B Answers

Answers will vary.

Lesson 2.1

Taxes: Somebody Has to Pay Review Answers

- Label the following tax scenarios as progressive or regressive.
 - Federal income tax P
 - Sales tax R
 - A tax where everyone pays the same percentage R
 - Oklahoma state income tax P
 - A tax where the amount of tax paid depends on income. P
- Which of the following are public goods or services paid for by taxes? (Correct answers are bolded.)

Roads and Highways	Military	Zoos
Fire Protection	Your House	Schools*
Shopping Centers	Parks*	Restaurants
Water/Sewer Service	Trash Pickup*	

*could be either, but generally public goods

- What is a free rider?

One who enjoys the benefits of a good or service without paying for it.

Calculating Taxes Activity Answers

Julia has just gotten a new job paying \$80,000 a year. What would be her estimated federal taxes?

She would be taxed 10 percent on the first \$7,825, 15 percent on the next \$23,975 (31,850 – 7,875), 25 percent on the next 11,312.50 (77,100 – 31,850), and 28 percent on the last \$2,900 (80,000 – 77,100)

$$\begin{array}{r} 7825 \times .10 = \quad \$ 782.50 \\ 23975 \times .15 = \quad \$ 3,603.75 \\ 11312.5 \times .25 = \quad \$ 11,312.50 \\ 2900 \times .28 = \quad \$ \underline{812.00} \\ \\ \quad \quad \quad \quad \$16,503.25 \end{array}$$

Lesson 2.2

Taxes: Voluntary Compliance Review Answers

- People pay taxes for many reasons. Which of the following is NOT one of those reasons?
 - civic duty
 - moral reasons
 - fear of IRS penalties and imprisonment
 - controlling how their tax dollars are spent**

2. If you knowingly underpay your taxes, the IRS can impose all of the following EXCEPT
 - a. collecting the taxes.
 - b. assessing a penalty.
 - c. bringing charges ending in imprisonment.
 - d. forcing your children to pay your tax burden.**

3. An honor system under which you pay your taxes is called
 - a. voluntary compliance.**
 - b. mandatory compliance.
 - c. individual compliance.
 - d. corporate compliance.

4. Federal and state income tax returns are due every year on
 - a. January 31.
 - b. April 15.**
 - c. July 15.
 - d. December 31.

5. The primary purpose of taxes is to
 - a. allow people to have free goods and services.
 - b. take money from one group and give it to another.
 - c. provide services that improve our quality of life.**
 - d. provide goods and services that are too expensive for people to buy.

Civic Duties and Taxes Activity A Answers

Answers will vary.

Voluntary Compliance Activity B Answers

Answers will vary.

Lesson 3.1

Finding Financial Services Review Answers

Answers will vary.

Making a Financial Match Activity A Answers

Matching Answers

- | | |
|-------------------------------|---------------------------|
| <u>C</u> Bank | <u>B</u> Investment Bank |
| <u>E</u> Credit Card Company | <u>G</u> Credit Union |
| <u>F</u> Insurance Company | <u>D</u> Mortgage Company |
| <u>A</u> Stock Brokerage Firm | <u>H</u> Stock Brokers |

Which financial institution and/or services would you use...

Answers will vary.

Finding Financial Services Activity B Answers

Answers will vary.

Lesson 4.1

Tracking Your Money Review Answers

1. A _____ is used to add funds to a bank account.
 - a. check
 - b. deposit slip**
 - c. signature card
 - d. withdrawal slip

2. When receiving your bank statement, you should immediately do what?
 - a. File it for your records.
 - b. Reconcile your account.**
 - c. Share it with your best friend.
 - d. Shred it through a paper shredder.

3. A check register includes what information for checking account transactions:
 - a. Date of transaction**
 - b. Name of bank
 - c. Purpose of the check
 - d. Blank checks

4. The memo on a check is used for
 - a. signature.
 - b. brief explanation of transaction.**
 - c. your birthday.
 - d. no purpose.

5. Which of the following statements is FALSE?
 - a. A bank statement is a record of all of the transactions on your account during the past month.
 - b. It is no big deal to pay overdraft fees or make a habit of writing checks without money in your account; everybody does it.**
 - c. Most debit cards draw money from a checking account.
 - d. The first set of numbers at the bottom of a check are the routing numbers.

Your Check Register Activity Answers

Check#	Date	Transaction	Debit	Credit	Balance
					517.06
415	4/15	Great Dept Store	42.39		474.64
416	4/16	TalkeTalk	67.25		407.42
417	4/16	My School	35.00		372.42
	4/16	ATM w/d	25.00		347.42
418	4/16	All Around Car Ins	125.00		222.42
	4/20	My Job		156.38	378.80

Lesson 5.1

Saving and Investing: Getting Started Review Answers

1. Classify the following items as very liquid (L) or not very liquid (N).

L	N	A baseball card collection
L	N	A checking account at your bank
L	N	Your car
L	N	A five-year CD
L	N	A 90-day CD

2. Write your own definition of opportunity cost.

What you would do if you didn't make the choice you did; your second best choice

3. List two reasons you should pay yourself first.

Answers will vary.

4. Explain the difference between savings and investing.

Saving: The process of setting income aside for future spending. Saving provides ready cash for emergencies and short-term goals, and funds for investing.

Investing: Purchasing securities such as stocks, bonds, and mutual funds with the goal of increasing wealth over time, but with the risk of loss.

Saving and Investing: Getting Started Activity Answers

Part A. Answers will vary.

Part B. Answers will vary.

Lesson 5.2

Tracking Your Money Review Answers

Part A.

1. 8 years
2. 10 years
3. 12 years
4. 24 years

Part B.

1. At the end of three years, how much money would you have (including the amount you invested) if you invested 100 dollars and earned 6% simple interest?
 - a. \$18
 - b. \$100
 - c. \$106
 - d. **\$118**
2. Which form of interest provides the greater return?
 - a. simple
 - b. **compound**
 - c. complex
 - d. fragment
3. The amount of money you put into a savings account is called the
 - a. interest rate
 - b. compounded interest
 - c. simple interest
 - d. **principal**

Lesson 5.3

Saving and Investing Strategies Review Answers

1. List one short-term goal and explain a savings or investing strategy to help you reach that goal.

Answers will vary.

2. List one long-term goal and explain a savings or investing strategy to help you reach that goal.

Answers will vary.

3. Explain the difference in risk to saving versus investing. Does savings or investing have a higher potential rate of return?

Savings usually implies short-term, liquid accounts while investing is generally long-term and less liquid. Because of the time value of money (looking at the length of time that money will be invested and not available for immediate use), investments have a higher potential rate of return.

4. Write a short paragraph about this statement: Even though you have long-term goals, it is still important to have short-term savings.

Answers will vary.

Saving and Investing Strategies Activity Answers

Part A.

- Saving: Certificates of Deposit
Savings Accounts
Savings Bonds
- Investing: Corporate Bonds
Stocks
Money Market Mutual Funds
Mutual Funds

Part B.

Answers will vary.

Lesson 5.4

Time is Money Review Answers

- Which of these answers best explains the differences between stocks and bonds?
 - Bonds are how wealthy people invest while stocks are more designed for the average investor.
 - Bonds provide a loan to a business or the government, while stocks provide some level of ownership in a business.**
 - Only governments sell bonds and only businesses sell stocks.
 - Bonds are for savings and stocks are for investing.
- Low risk savings or investments would generally be used
 - To meet short-term needs.**
 - By people who are afraid of losing their money over a long period of time.
 - When people are concerned about meeting their financial goals.
 - For retirement planning.
- Inflation is an important factor to consider when making investment decisions.
 - This statement is FALSE. Investors should only consider factors they can control when making a financial decisions.
 - This statement is FALSE. Inflation has no impact on future investments.
 - This statement is TRUE. Inflation can impact the future value of savings and investments.**
 - This statement can be either True or False, depending upon the investor's situation.
- Explain how this statement relates to saving and investing: It is important not to put all your eggs in one basket.

Answers will vary.

Financial Planning: You Decide Activity Answers

Client One needs short-term savings for emergencies and investments for her children's education.

Client Two would save for a vacation, probably using a savings account.

Client Three would save for the prom, probably using savings account.

Client Four would save for her car, probably using a savings account.

Lesson 5.5

Managing Financial Risks Review

Market risk is the potential that your investment will be worth less tomorrow than it is today because prices or values have dropped.

A financial risk is the potential that the business you invest in goes bankrupt or fails to make a profit.

Inflation risk says the price you pay for goods and services rise faster than the rate of return on your investment.

Fraud risk is the potential that someone either deceives or tricks you into investing in something where you get nothing in return.

Lesson 6.1

Planning for Your Retirement Review Answers (suggested)

Social Security: A federal system of old-age, survivors', disability, and hospital care (Medicare) insurance which requires employers to withhold (or transfer) wages from employees' paychecks and deposit that money in designated accounts.

401K: A retirement plan that allows employees in private companies to make contributions of pre-tax dollars to a company pool that is then invested in stocks, bonds, or money markets.

Annuity: A contract between an individual and an insurance company (or an entity representing those individuals such as a teacher retirement plan) where the individual makes a series of payments that are invested by the company and repaid to the individual at a later date, generally during retirement.

Traditional IRA: An account in which an individual may set aside earned income in a tax-deferred savings plan for his or her retirement.

Roth IRA: With a Roth, you pay personal income taxes on your earnings before placing it in your IRA account. Because you pay the taxes upfront, you will not pay any taxes when you withdraw the money at a future date.

Retirement Plans Activity Answers (suggested)

I. What are two advantages to having a Defined Benefit plan for retirement?

Plans pay the retiree monthly annuity payments that continue for life.
Employer funded.

2. What are two advantages to having a Defined Contribution plan for retirement?

The employer may choose to match a portion of the employee's contributions or to contribute without employee contributions

The retiree may transfer the account balance into an individual retirement account

3. What is one disadvantage to having a Defined Benefit plan? Explain why it is a disadvantage.

If an employee leaves before his or her retirement age, the benefit generally stays with the plan until he or she files a claim for it at retirement; cannot take the money early if it is needed. Employee has no say in how funds are invested.

4. What is one disadvantage to having a Defined Contribution plan? Explain why it is a disadvantage.

No Federal guarantee of benefits – something may happen to the plan and you won't get your benefits

5. What, if any anything, do the two plans have in common?

Both are retirement plans

Retirement Plans Activity Answers

Step 1. Find the maximum amount of the match. Multiply your salary by the employer's percent to find the annual total amount of the match.

$\$ 60,000 \text{ times } .07 \text{ equals } \$ 4200$

Step 2. If you decide to match the maximum, what is the total amount added annually to your retirement account?

$\$ 4200 \text{ plus } \$ 4200 \text{ equals } \$ 8400$

Step 3. Find the monthly amount donated to your retirement account.

$\$ 8400 \text{ divided by } 12 \text{ equals } \$ 700$

Step 4. Find the amount of your monthly contribution to your retirement account.

$\$ 700 \text{ divided by } 2 \text{ equals } \$ 350 \text{ (could also do } 4200/12)$

Step 5. Suppose your employer decides to raise the maximum match to 10 percent, but you leave your amount at 7 percent. What is the total amount contributions you are losing each year?

A. Find new amount contributed by your employer:

$\$60,000 \text{ times } .10 \text{ equals } \$ 6000$

B. Subtract the total amount in Step 2 to find the total amount you are losing each year.

$\$ 6000 \text{ minus } \$ 4200 \text{ equals } \$ 1800$

Most people spend about 40 years in the workforce. Suppose your employer changes this percentage after you have worked there for 10 years. How much money would you miss putting in your retirement account over those 30 years? To find this amount, multiply the answer in 5B by 30. Also remember, this amount only represents the contributions made; it does not include the additional amount of interest you would be earning on those contributions.

$1800 \times 30 = \$54,000$ plus all the interest for 30 years

Lesson 7.1

Remember the Interest Review Answers

1. List two differences between secured credit and unsecured credit.

Secured – credit with collateral (i.e., a house or a car) for the lender; lender has less risk in getting something in return for the loan.

Unsecured – credit without collateral, such as credit cards; creditor is taking a greater risk of losing the money if you fail to make the payments

2. Explain the difference between installment credit and non-installment credit.

Installment credit: A loan repaid with a fixed number of equal payments.

Noninstallment credit: Single-payment loans and loans that permit the borrower to make irregular payments and to borrow additional funds without submitting a new credit application; also known as *revolving* or *open-end credit*.

3. Tell whether the following are examples of installment credit or non-installment credit.

Credit card	Installment
Make one lump sum payment	Non-installment
Cable bill	Non-installment
Mortgage	Installment

4. Discuss one reason that people borrow money. Explain why they borrow money for that specific purpose and if it is a good reason to take out a loan.

Answers will vary.

5. Define a loan agreement, and explain why it is important.

A type of contract between the borrower and the lender explaining the requirements of fulfilling the loan. Both the borrower and the lender will know what is expected of them. If someone doesn't follow the agreement, the consequences are spelled out or the court can decide what happens.

Remember the Interest Activity A Answers

(Suggested order, but answers may vary based on student explanations.)

1. Home loan: A house tends to increase in value and will be worth more when we want to sell it.
2. Student loan: Investing in a college education increases potential earnings; however, saving for a college

- education reduces the need for student loans.
3. Auto loan: Even though most people get a loan to pay for a car, they could save up the money and pay cash avoiding the extra interest paid on something that declines in value.
 4. Refinance loan: Refinancing a mortgage reduces payments and saves money in the long-run as long as the reduction in interest is sufficient to cover the cost of refinancing and the owner is planning to continue owning the property for an extended period of time.
 5. Home equity loan: Borrowing against a home is high risk, unless the owners are remodeling or making major repairs because failing to make the payments may result in losing their home and having no place to live.
 6. Personal loan: Saving money for emergencies, vacations, and other purchases is a much better option. Personal loans tend to have high interest rates, which greatly increases the cost of the purchase.

Borrow, Do Not Borrow Activity B Answers

1. With the move to high-definition television, you decide to buy a new flat screen HDTV for your room.
Do Not Borrow. This is a want.
2. You have taken a summer job and need reliable transportation, so you decide to buy a used car.
Borrow. This is a need.
3. You are at the mall with friends and see a new pair of boots, but you do not have enough cash to buy them.
Do Not Borrow. This is a want.
4. Your friend Harold just bought a new skateboard, so you want a new one too.
Do Not Borrow. This is a want.
5. You have maxed out your credit card, so you are considering getting a loan to make your payments.
Do Not Borrow. You will only create more debt.
6. Your friends are going on a special trip to celebrate graduation, but you do not have the money to go.
Do Not Borrow. This is a want.
7. You receive a scholarship to go to your favorite college, but it is not enough money to pay all of your expenses.
Borrow. This is an investment in your future. Or, you may look at other colleges to find something less expensive that will still meet your educational needs – even if it's not your favorite place.
8. You have just graduated from college and have a new job. You have enough money for a down payment on a house, but need a loan to buy a house because you plan to stay in the area for a long period of time. You have an emergency savings account and feel confident that your job is secure.
Borrow. Buying a home is generally considered a good investment.

Lesson 7.2

It Is In Your Interest Review Answers

1. Which of the following types of lenders offers loans to high risk customers for very high interest rates?
 - a. **Payday Loan Companies**
 - b. Credit Card Cash Advance
 - c. Home Equity Bank Loans
 - d. Credit Unions

2. What is the definition of a daily periodic interest rate?
 - a. Annual interest rate
 - b. Fractional amount of the daily interest rate
 - c. **The annual interest rate divided by 365**
 - d. Annual interest rate divided by the daily interest rate

3. What is the definition of a minimum payment?
 - a. One twelfth of your total balance
 - b. **The lowest amount you are required to pay each month**
 - c. The dollar amount required to avoid foreclosure
 - d. The dollar amount specified in the CARD Act

4. Interest rates on credit cards
 - a. are the same for everyone.
 - b. **vary depending upon several factors.**
 - c. vary based on a person's age and income.
 - d. are the same, regardless of which company issues them.

5. Which of the following statements is true?
 - a. All credit card companies have the same policies on grace periods and minimum payments.
 - b. All lenders have the same types of loans.
 - c. Using credit cards is always better than using cash.
 - d. **Credit cards are loans that need to be repaid.**

Types of Lenders Activity Answers

- 3 A. More willing to make loans that commercial banks and credit unions frequently avoid.
- 6 B. Source of credit for investors who have securities on deposit in a margin account.
- 1 C. Generally offer a greater variety of credit than do other lenders.
- 7 D. Offer short-term, single-payment loans secured by personal property left in the possession of the lender.
- 5 E. A source of credit for certain policyholders who own policies that include a savings component, or cash value.
- 4 F. Formed to lend money to customers of an affiliated company.

- 8 G. Loans often for amounts between \$100 and \$500, and interest rates can be extraordinary.
- 2 H. Cooperative associations that accept savings from and make loans to member individual

Lesson 7.3

Your Credit Score Review Answers

1. Explain the role of a credit bureau.

Credit bureau: An establishment that collects and distributes credit history information of individuals

2. What is a FICO score?

FICO scores are simply a way of standardizing your credit scores, making them easier for potential lenders or creditors to understand.

3. Why do lenders use a person's credit report and FICO score?

A higher credit score shows you pay your bills on time, you are a responsible individual, and you show maturity when making important decisions. Lower credit scores indicate you are a high risk choice as a potential borrower, renter, or employee.

4. Why do people with high FICO scores usually pay lower interest rates than people with low FICO scores?

They are more likely to make their payments because they are a better credit risk and have a better payment history.

5. What should you do if you find inaccurate information in your credit report?

You have a right to file a dispute with the credit bureau. Disputes can be filed online, by phone, or by certified letter.

Making a Loan Activity Answers

Matt – No; not a good risk because he hasn't shown much personal responsibility or good money management skills, and he has no credit history. Lending for a new business is also high risk.

Meredith – Yes, as long as she has sufficient income to make the additional payments. While has a good credit history and has demonstrated good money management skills, she may be taking on too much debt.

Al – Yes, he seems like a good risk and the motorcycle will serve as collateral.

Rhoda – Yes, she has a good credit history and seems to have a manageable level of debt.

Hong – No. He has a high level of debt and seems like a high risk.

Lesson 7.4

Consumer Credit Legislation Review Answers

1. G
2. E
3. B
4. A
5. C

Resolving Consumer Problems Activity Answers

Answers will vary.

Lesson 7.5A

Completing the FAFSA Review Answers

Each of the following statements is FALSE.

1. You and your parents need to complete the FAFSA only if you are planning to attend a college or university.

Almost everyone who is planning to continue their education beyond high school should complete the FAFSA because it is widely used for scholarships, loans, employment and other types of financial aid at post-secondary education entities.

2. You and your parents need to complete the FAFSA only if you are applying for student loans.

Refer to the Answer 1. It is generally used for more than loans.

3. The financial aid officer where you have applied makes the final decision about how much financial aid you receive.

Financial aid officers can explain how much you are eligible to receive, but it is your decision about how much you actually receive.

Lesson 7.5B

The Student Loan Review Answers

Answers will vary.

Lesson 8.1

Credit Cards: More Than Plastic Review Answers

Answers will vary.

Comparing Credit Cards Activity Answers

Answers will vary.

Lesson 8.2

Credit Cards: Shopping Online Review Answers

Answers will vary.

Online or Local? Activity Answers

(Suggested; answers may vary based on students' explanations)

1. LOCAL because you need to get it as soon as possible
2. ONLINE because it may be easier to find
3. Either answer may be correct. It could be easier and less expensive online, but not always (especially when paying shipping costs.)
4. LOCAL because you can get it right now.
5. LOCAL to be sure they fit correctly. However, online may provide more options, especially if you are familiar with a certain brand or style of shoe.

Lesson 9.1

Beware! Consumer Fraud Review Answers

1. Which one of the following is considered a consumer fraud scheme?
 - a. **Bait and switch.**
 - b. Bait and catch.
 - c. Advertising.
 - d. Spam e-mails.
2. There are several steps you can take to reduce the potential of being a victim of consumer fraud, including
 - a. **taking the time to do careful research.**
 - b. always sending money to get additional information.
 - c. signing whatever forms you are asked to sign, then taking them to an attorney for more information.
 - d. giving out your personal information, like Social Security Number and bank account number, so the person asking can check you out.

3. If you are the victim of fraud in Oklahoma, the best place to start is by
 - a. calling the Governor's office for help.
 - b. hiding what happened so no one will find out.
 - c. calling your friends to tell them what happened.
 - d. **calling the State Attorney General's office for advice.**

4. Which of the following statements is TRUE?
 - a. Only poor people are victims of fraud.
 - b. Only wealthy people are victims of fraud.
 - c. **Anyone can become a victim of fraud.**
 - d. Only stupid people are victims of fraud.

Consumer Fraud Word Scramble Activity Answers

Federal Trade Commission
 Fraud
 Bait N Switch
 Bankruptcy
 Confidence Trick
 Embezzlement
 False Advertising
 False Billing

Forgery
 Health Fraud
 Identity Theft
 Insurance Fraud
 Marriage Fraud
 Ponzi Scheme
 Security Fraud
 Identity Theft

Lesson 9.2

Beware! Identity Theft Review Answers

1. What is identity theft?

Using a person's name or personal information without the person's permission

2. Explain three methods scammers use to steal your identity. (sample)
 - Dumpster Diving. They simply rummage through your trash looking for bills or other paper with your personal information on it.
 - Skimming. They steal credit card or debit card numbers with a special device when you are processing your card.
 - Phishing. They pretend to be banks, the IRS, or some other organization and send you an email or a letter (or even make a phone call) asking for personal information.

3. List five different steps you should take to protect your identity. (sample)
 - Leave your Social Security card in a secure place. Carrying it in your purse or billfold is not secure.
 - Be careful about giving out your Social Security number or using it as an ID number. With that one number, ID thieves can find out almost everything there is to know about you.
 - Carry only the identification information and the credit/debit cards that you actually need when you go out.

- Avoid responding to promotions. Identity thieves may create phony promotional offers to get your personal information.
 - Keep your purse or billfold in a safe place at school and at work. Pick up orders of new checks at the bank instead of having them mailed to your home address.
4. What should you do if you become a victim of identity theft?
- Contact the fraud division of the three credit bureaus, explain that you are a victim of identity theft, and ask them to put a fraud alert on your credit files.
 - Contact credit card companies or the issuers of any other cards that were affected. Follow up all phone calls with letters and a copy of the complaint filed with the police department.
 - File a complaint with the Federal Trade Commission. Its Web site is www.ftc.gov and contains phone numbers, forms, and general information.
 - Contact your local police or the police in the city where the identity theft took place.

Identity Theft Match Activity Answers

1. D
2. A
3. C
4. B
5. G
7. F

Which of the people above are victims? Explain your answers.

John, Alexis, Kaden, Jeremy, Mary's Grandmother

Which of the people above may be prosecuted for illegal activity? Explain your answers.

Kurt, Sara

Lesson 10.1

Housing Alternatives Review Answers

1. Identify three factors to consider before looking a place to live.
 - Location (close to work, in the country, near friends, etc.).
 - Space issues (number of bedrooms, size of the kitchen or living room, closet space, etc.).
 - Amenities (swimming pool, washer and dryer, townhouse or flat, etc.).
 - Safety (outside lighting, deadbolt locks, etc.).
 - How long you plan to live there (is it temporary or for several years?).
 - Other things you want or need.
2. List one cost and one benefit of leasing an apartment or condo.

Answers will vary.

3. List one cost and one benefit of owning a home.

Answers will vary.

4. Explain the most important concept you learned from this lesson.

Answers will vary.

What Is Your Housing Choice? Activity A Answers

Answers will vary.

Housing Choices Activity B Answers

1. House
2. Apartment
3. Apartment
4. Condo
5. Apartment
6. Apartment (or possibly House)
7. House

Lesson 10.2

Renting an Apartment Review Answers

1. Which of the following is an advantage to renting a place to live?
 - a. **You have limited expenses for maintenance.**
 - b. All apartment complexes have a lot extras, like swimming pools and fitness centers.
 - c. You do not need to buy any insurance.
 - d. You have limited options for size and locations.
2. Which of the following is a disadvantage to renting a place to live?
 - a. You can only live there for a limited period of time.
 - b. You always pay your own utilities.
 - c. All apartment complexes are large and noisy.
 - d. **You may not be able to repaint or remodel when you want.**
3. The terms of a lease should include all of the following EXCEPT the
 - a. amount of the rent and any late fees.
 - b. **names of the persons who live next door.**
 - c. policies you are expected to follow.
 - d. names of all roommates and the landlord.
4. When signing a lease, it is recommended that you
 - a. give it a quick review and sign before someone else gets the apartment you want.
 - b. read carefully and sign even though you are not sure what some of the terms mean.
 - c. **read carefully and sign only when you understand what everything means.**
 - d. read carefully and sign, even though you know that you will not agree to all of the terms stated.

5. Renting an apartment should involve
 - a. making an emotional decision because you want to be happy where you live.
 - b. **setting a strategy to get what you need for the amount you can afford.**
 - c. setting a strategy to get what you want, even though it is more than you can afford.
 - d. making a decision based only how much it will cost to live there.

Leasing Lingo Activity Answers

1. LEASE: A written contract specifying the terms for the use of an asset and the legal responsibilities of both parties to the agreement, such as a property owner and tenant.
2. TENANT: A person who pays rent; the legal name for a renter.
3. LANDLORD: A person who owns property and rents it to another.
4. AMENITIES: Extras such as a fitness center, swimming pool, playground, or community room
5. SECURITY DEPOSIT: A security deposit represents money the landlord can use for cleaning fees or repairs to the apartment when you move out.
6. UTILITIES: A basic service such as electricity, gas, water, or telephone.
7. RENTER'S INSURANCE: Insurance that covers theft or damage to the tenant's personal property, but not to the structure; it generally includes liability insurance in case someone is injured on your premises.
8. ROOMMATE: An individual who legally shares a place to live.
9. EARLY LEASE TERMINATION: Ending or terminated a lease before its end.
10. TERMS OF A LEASE: The rights, responsibilities, and other points stated in a lease that the landlord and tenant agree to honor.

Lesson 10.3

Buying a House Review Answers

1. Which of the following is an advantage to buying a house?
 - a. You can expect to have limited expenses for maintenance.
 - b. You have little or no ability to make decorating changes.
 - c. **You have many options for neighborhoods, price, size, and locations.**
 - d. You may have to qualify for a loan.
2. Which of the following is a disadvantage to buying a house?
 - a. **You need a down payment and earnest money.**
 - b. You probably cannot find a place that meets your needs.
 - c. You can use a real estate agent to help you locate a house.
 - d. You can negotiate the price with the seller.

3. When looking for a house, you should consider all of the following EXCEPT the
 - a. price of the house.
 - b. **color of the walls in the dining room.**
 - c. neighborhood where the house is located.
 - d. payments you make on other debt you owe.

4. When applying for a mortgage,
 - a. the monthly payment is all that matters.
 - b. the interest rate is all that matters.
 - c. **shop around until you find the best terms, including interest rate and monthly payment.**
 - d. borrow money from the same place as your friends; if it is good enough for them, it should be good enough for you.

5. When negotiating an offer on a house, your top priority is
 - a. **making an offer that is best for you.**
 - b. making an offer that is best for the seller.
 - c. buying the house, regardless of what it costs.
 - d. guessing what the seller will accept.

Mortgage Calculations Activity Answers

Part A. Answers will vary.

Part B.

1. $130,000 \times .20 = \$26,000$
2. $3,500 \times .30 = \$1,050/\text{mo.}$
3. $\$4,000 \times .40 = \$1,600$ $\$1,600 - (350+200) = \$1,050$

Lesson 11.1

Identifying Risk Review Answers

1. Which one of the following statements best describes risk?
 - a. **The potential of having a financial loss.**
 - b. The potential you will make a bad choice.
 - c. The losses you have from negative outcomes.
 - d. The negative results of bad choices.

2. Developing a risk management plan involves
 - a. buying insurance to cover all potential losses.
 - b. **identifying and evaluating all potential losses.**
 - c. finding ways to avoid losses from risky behavior.
 - d. eliminating risk from your daily activities.

3. Buying insurance would be classified as a way to _____ risk.
 - a. avoid
 - b. minimize
 - c. **transfer**
 - d. accept

4. Which of the following statements is TRUE?
 - a. It is impossible to reduce your risk.
 - b. **You can reduce your risk but not eliminate it.**
 - c. Your behavior has no impact on your level of risk.
 - d. You can control all risk factors.

Risky Behavior Activity

Answers will vary.

Lesson 11.2

Different Types of Insurance Review Answers

1. Which kind of insurance should you have if you live in an apartment?
 - a. Liability
 - b. **Renters**
 - c. Long-Term Care
 - d. Whole Life

2. Your liability insurance will pay for whose property or medical expenses if you are found at fault?
 - a. Yours
 - b. Yours and the person injured or whose property was damaged
 - c. **The person injured or whose property was damaged**
 - d. Liability insurance only insures property damage your apartment

3. Which type of life insurance provides coverage for a specified period of time?
 - a. Whole Life
 - b. Universal Life
 - c. **Term Life**
 - d. Long-Term Care Life

4. The amount of money you pay before your insurance provides coverage is called a
 - a. Premium
 - b. Co-payment
 - c. **Deductible**
 - d. Benefit

5. Payments for insurance are called
 - a. **Premiums**
 - b. Co-payment
 - c. Deductibles
 - d. Costs

Types of Insurance Activity Answers

1. Full coverage auto insurance (liability, comprehensive and collision)
2. Term
3. Homeowners
4. Liability
5. Medicare

Lesson 11.3

Using Insurance to Manage Risk Review Answers

1. Answers will vary.
2. Explain the difference between co-insurance, co-payment, and deductibles.

Co-insurance: The percentage of the costs of medical services paid by the patient.

Co-payment: An amount of money that the member or insured pays directly to a provider at the time services are rendered. The dollar amount or percentage of a loss that is not insured, as specified in an insurance policy.

Deductible: The dollar amount or percentage of a loss that is not insured, as specified in an insurance policy.

- 2a. Tell whether the following is co-insurance, deductible, or co-payment.

Co-payment	Debbie goes to the doctor for her flu shot. She pays the doctor \$30 for the visit while the insurance company pays \$80
Co-insurance	Juan breaks his ankle sliding into second during a softball game. His hospital bill is \$3,000. He is required to pay 20% of the bill and the insurance company will pay 80%.
Deductible	The paint on Jasmine's car was damaged after someone egged her car. Jasmine was charged \$900 for her car to be painted. Jasmine will pay \$500 and the insurance company will pay \$400.

Using Insurance to Manage Risk Activity Answers

Answers will vary.

Lesson 12.1

Risky Business Review Answers

1. Gambling is best defined as
 - a. playing a game with a guaranteed winner.
 - b. **taking risks with your money or assets in hopes of winning something.**
 - c. determining whether or not something will happen.
 - d. an illegal activity.

2. Which of the following is not generally considered a game of chance?
 - a. Bingo
 - b. Buying a lottery ticket
 - c. **Chess**
 - d. The roulette wheel

3. Which of the following statements is true?
 - a. Weather forecasters rely on probability.
 - b. Games of skills have guaranteed outcomes.
 - c. The stock market is a form of gambling.
 - d. **Most, if not all, casino games are set so that the casino wins more than the players.**

4. Probability is best defined as
 - a. **how likely it is that something will happen.**
 - b. making choices based on past events.
 - c. forecasting the future.
 - d. taking a chance.

5. An example of an independent event is
 - a. a game of blackjack.
 - b. a game of poker.
 - c. the lottery.
 - d. **flipping a coin.**

Gambling on a Flip Activity

Answers will vary.

Lesson 12.2

Gambling is Risky Business Review

Answers will vary.

Gambling is Risky Business Activity

Answers will vary.

Lesson 13.1

Managing High Levels of Debt Review Answers

- I. Which one of the following is considered a good option to bankruptcy?
 - a. Stop payment on all bills.
 - b. Hire a credit repair service.
 - c. **Get consumer credit counseling.**
 - d. Get additional credit to pay off your bills.

2. When you file bankruptcy,
 - a. **you seek legal protection from your creditors.**
 - b. your credit score increases because you have no debt.
 - c. you are no longer responsible for paying any of your creditors.
 - d. you have the right to determine which bills you will repay and which ones you will not repay.
3. Bankruptcy stays on your credit file for
 - a. **10 years.**
 - b. 5 years.
 - c. 7 years.
 - d. 4 years.
4. Which of the following statements is TRUE?
 - a. Only poor people file bankruptcy.
 - b. People who file bankruptcy can never get credit again.
 - c. People who file bankruptcy are deadbeats who do not want to pay their bills.
 - d. **People who file bankruptcy pay higher interest because they are a higher risk to lenders.**

You Be the Judge Activity Answers

Answers will vary.

Lesson 14.1

Charitable Contributions Review Answers

Answers will vary.

My Giving Profile Activity Answers

Answers will vary.

Lesson 14.2

Checking Out Charitable Groups Review Answers

1. An organization that is more focused on the service it provides than on making money is a _____ organization.
 - a. **non-profit**
 - b. poorly managed
 - c. for-profit
 - d. bankrupt
2. Which one of these statements is good advice to follow when evaluating a charitable organization?
 - a. **Check out an organization's mission before making a donation.**
 - b. Contribute only to organizations using professional fundraisers.
 - c. Be sure the president or director of the organization is well paid before making a donation.
 - d. If you get an e-mail from an organization you do not know, click on the link in the e-mail to find out more information.

3. Before volunteering for an organization,
 - a. ask how much they will pay you.
 - b. ask if they have other volunteers your age.
 - c. **make sure you can keep your commitment to them.**
 - d. make sure they know you are busy and you will work when you have nothing else to do.
4. You can go online to check out charitable organizations at which of the following Web sites?
 - a. Guidestart.com
 - b. Giftgivers.org
 - c. Gradstare.com
 - d. **Guidestar.org**

Organization Check Activity Answers

Answers will vary.

Making an Informed Choice about Charitable Organizations Activity Answers

Answers will vary.

TEACHER GUIDE

Standard 6: Enhancement Strategy 2 True, False, or It Depends – ANSWERS

- I. Read each of the following statements and have students decide if it is a) True; b) Sometimes True, or c) False. Have students write a brief justification for their answer.
 - People retire at the age of 65.
 - It depends. People retire at a variety of ages, including age 65.
 - Social security is the most common retirement benefit.
 - True
 - A 401(k) is a retirement plan funded by your employer.
 - It Depends. A 401k it can be partially or fully funded by the employer, but it can also be funded by the employee.
 - Your employer chooses what a 401(k) is invested in.
 - False. You choose how to invest the funds.
 - IRA's give you a pre-tax advantage.
 - It depends on the type of IRA, whether Traditional vs Roth; contributions to a Traditional IRAs are tax deductible, giving you tax advantage while Roth IRAs require you to pay taxes on your contributions.

- An annuity gives you a guaranteed return.
 - True
- Market risk deals with the rise and fall of prices.
 - True
- You will need less income in retirement than during your working years.
 - It depends on your plans and goals for retirement.
- People tend to underestimate their life expectancy.
 - True
- Planning for retirement can wait for your later working years.
 - False. Planning for retirement should start early in your working years.

Standard 9: Enrichment Strategy I

Clap Out Game -- ANSWERS

1. What should you do if someone calls saying you owe taxes to the IRS and they want your bank account number to transfer the funds to the government?
 - Hang up the phone! You may also want to notify authorities about the scam.
2. What is meant by “bait and switch”?
 - Advertising goods that seem to be a bargain or on sale, with the intention of substituting inferior or more expensive goods. The practice is generally considered to be illegal.
3. Taking money from your employer without his or her permission or knowledge is called _____.
 - Embezzlement
4. If you get a phone call saying they have detected a problem with your computer, you should _____.
 - Hang up the phone!
5. Stealing money or getting other benefits by pretending to be someone else is called _____.
 - Fraud; false impersonation
6. What does it mean if a web browser address has https at the beginning?
 - It is a secure site.
7. What is a skimmer?
 - Generally a device placed in a credit card reader that is designed to steal your credit card information.
8. If you receive a credit card offer in the mail, you should _____.
 - Read it carefully before you decide to sign up. Or, shred it before throwing it away.
9. Where should you keep your Social Security card?
 - In a secure place – not in your wallet.

10. Name one of the three credit bureaus.
 - Equifax, Experian and TransUnion
11. What is “pretexting”?
 - It is generally a scheme or scam where someone pretends to need information in order to confirm the identity of the person he/she is talking to.
12. What is a Ponzi scheme?
 - Fraudulent activity where the success of a fake investment is based on quick returns to the first investors from the money paid by the later investors.
13. How frequently can you get a free copy of your credit report from one credit bureau?
 - Annually
14. Creating false documents or signatures that look like the real thing is called _____.
 - Forgery or falsification
15. What is it called when a company makes false claims about its products?
 - False advertising

Standard 11: Enrichment Strategy 1
Insurance Card Shuffle Game -- ANSWERS

Answer Chart			
Disability	Death	Property Loss	Liability
Loss of personal income	Loss of household income	Theft	Lawsuit for negligence
Increased expenses	Funeral and burial expenses	Repair or replacement costs	Injury to a third party
Disability Insurance	Life Insurance	Property Insurance	Liability Insurance

Standard 12: Enrichment Strategy 2
True False Gambling Game -- ANSWERS

1. A good gambler can accurately predict if a coin is going to come up heads or tails.
 - FALSE
2. Gambling addiction can be a problem for adults, but rarely happens to teens or young adults.
 - FALSE
3. A problem gambler often gambles with money that is supposed to be used for something else, like lunch money or their bill payments.
 - TRUE
4. Gambling is one of the best ways to make easy money.
 - FALSE

5. You have to gamble every day to be a problem gambler.
 - FALSE
6. A person with a gambling problem often lies about how much they spent when gambling.
 - TRUE
7. One in 10 teens is “at risk” of having a problem with gambling.
 - TRUE
8. Some people gamble to escape their problems, frustrations, or disappointments.
 - TRUE
9. Problem gamblers are easy to recognize.
 - FALSE
10. If a friend has a problem with gambling, it is best to leave him/her alone because talking to them about gambling might upset them.
 - FALSE
11. About 75% of teens have reported they have participated in some kind of gambling activity.
 - TRUE
12. Problem gambling is really not a problem if the person can afford to lose the money.
 - FALSE

Standard 13: Enrichment Strategy I

Bankruptcy Baseball -- ANSWERS

Singles

1. What is bankruptcy?
 - A legal or federal court procedure that helps consumers (and businesses) eliminate or reduce their debts and repay their creditors.
2. What is a creditor?
 - A person or company to whom money is owed.
3. What is a debt consolidation loan?
 - A form of debt refinancing where someone combines all of their loans into one – or gets one loan to pay off many others.
4. What is a home equity loan?
 - A loan where the borrower uses the equity of his or her home as collateral.

Doubles

1. What is Chapter 7 bankruptcy?
 - A type of bankruptcy that allows debtors to get rid of most of their debts and start over with a clean slate.

2. What is Chapter 13 bankruptcy?
 - A type of bankruptcy where individuals with regular income develop a plan to repay all or part of their debts, with court approval.
3. Give an example of an “exempt” item when filing bankruptcy.
 - Property that the debtor can protect during bankruptcy such as the primary car, home, clothing, household appliances or other necessities.
4. Give an example of a “nonexempt” item when filing bankruptcy.
 - Property that the debtor cannot protect during bankruptcy such as the cash, stocks, bonds, second homes or cars, and other “luxury” items.

Triples

1. Give one of the top reasons for filing bankruptcy.
 - Divorce, loss of income (such as losing a job or inability to work), health issues/medical expenses, unexpected expenses, credit card debt, gambling
2. How long does bankruptcy stay on your credit report?
 - 10 years
3. Identify one benefit of filing bankruptcy.
 - Eliminates debt; allows for fresh start; reduces stress; stops calls from bill collectors
4. Identify one cost of filing bankruptcy.
 - Negative impact on credit scores; expensive (must hire attorney and pay fees); cannot eliminate taxes or student loan debt; may impact employment opportunities; may be embarrassing; must take off work to go to court

Homeruns

1. Why does bankruptcy have a cost to society?
 - Taxes pay for courts to administer bankruptcy; cost to business/creditors suffering from loss of income or time to participate in proceedings; may encourage overspending
2. What are two debts that cannot be dismissed in bankruptcy?
 - Taxes; student loans; alimony and child support payments; government fines; property settlements in divorce; fraud-related actions; unlisted creditors.
3. What is one step you can take to recover from bankruptcy?
 - Pay bills on time; stop or reduce spending; practice better money management skills; create and follow a budget; start and build an emergency fund or other savings
4. Why should you call your creditors if you are having trouble making your payments?
 - They need to know what is going on to help you; they may work with you to reduce your payments or your interest rate; they may change your monthly due date to help better manage your funds