**UNIT #8 – CIVICS & ECONOMICS – ORANGE WORKSHEET**

**§8.1 – MANAGING YOUR MONEY**

*Match the words below with their appropriate description.*

BALANCE DISPOSABLE INCOME DISCRETIONARY INCOME

GROSS INCOME CONSUMER RIGHTS CONSUMER RESPONSIBILITIES

COMPARISON SHOPPING GENERIC PRODUCTS BETTER BUSINESS BUREAU (BBB)

CONSUMER PRODUCT SAFETY COMMISSION SECURITY & EXCHANGES COMMISSION

|  |  |
| --- | --- |
|  | Nearly identical to name-brand products, but they are usually cheaper |
|  | Income before taxes or any other expenses |
|  | Income – All Expenses (taxes, necessities, luxuries, savings, donations/gifts, etc.) |
|  | Report faulty products/services, comparison shop, gather information about businesses/products, avoid being swayed by advertising, use caution with alternative shopping methods (used, mail, online, etc.) |
|  | Income after taxes |
|  | Government agency that recalls products that are unsafe |
|  | To purchase safe products, to be informed & protected against fraud, to choose among a variety of products at competitive prices, to be heard by lawmakers when consumer issues are debated, to redress when products/services cause financial or physical harm |
|  | Govt agency set up to protect investors from fraud related to stocks, bonds, & other investments |
|  | Examine the quality and price of different brands/types and at different stores in order to get the best value for your money |
|  | Organization run by business groups that takes complaints about unfair business practices and provides ratings and information to consumers about businesses |
|  | Income after taxes and necessities |

* The more education a person has, the (CHOOSE: lower / higher) their earnings tend to be.
* The more education a person has, the (CHOOSE: less / more) likely they are to become unemployed.
* Because your i\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is limited, but your n\_\_\_\_\_\_\_\_/w\_\_\_\_\_\_\_\_ are u\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, you must make economic d\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that involve t\_\_\_\_\_\_\_\_\_-o\_\_\_\_\_\_\_ and o\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ c\_\_\_\_\_\_\_\_.

**§8.2 – PLANNING & BUDGETING; CREDIT**

*Match the words below with their appropriate description.*

SURPLUS DEFICIT CREDIT

INTEREST PRINCIPAL COMPOUND INTEREST

SIMPLE INTEREST LENDER BORROWER

MINIMUM PAYMENT DOWN PAYMENT CREDIT RATING

|  |  |
| --- | --- |
|  | Person who loans a person money |
|  | When income exceeds expenses |
|  | When expenses exceed income |
|  | Interest that only builds on the principal amount |
|  | Interest that builds on both the principal amount and previous interest |
|  | Evaluation of ability for borrower to repay money they have borrowed |
|  | The cost to a borrower that must be paid to the lender in addition to the principal amount |
|  | The lowest payment you are allowed to pay on a credit card bill; it is better for the cardholder to pay the entire amount to avoid additional interest payments |
|  | Money loaned to a person to pay for purchases now that they must repay to a borrower later |
|  | Person who receives money to pay for purchases now |
|  | The original amount of money borrowed |
|  | When a person pays a part of the purchase price out of their own funds, allowing them to borrow less money and avoid additional interest payments |

* Simple interest grows (CHOOSE: faster / slower) than compound interest.
* Borrowers would prefer to pay (CHOOSE: simple / compound) interest, while lenders prefer (CHOOSE: simple / compound) interest.
* If you are a borrower, it is better to put down a (CHOOSE: higher / lower) down payment, allowing you to borrow (CHOOSE: more / less) money and to have (CHOOSE: higher / lower) interest payments.
* If you only pay the minimum payment on credit cards, you will have (higher / lower) interest payments, and the cost of your purchases on credit will effectively be (CHOOSE: higher / lower) than if you paid the full balance on your card.
* Not paying credit card bills on time will result in a lower c\_\_\_\_\_\_\_\_\_\_\_\_ r\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Low credit ratings make it more difficult to find a j\_\_\_\_\_\_\_\_, take out a l\_\_\_\_\_\_\_\_\_ from the bank, to sign a service c\_\_\_\_\_\_\_\_\_\_\_ on utilities (you will likely be rejected or required to put down a high security deposit).
* Consumers can build a high credit rating by paying their credit card and other bills \_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_.
* High credit ratings make it easier to secure more c\_\_\_\_\_\_\_\_\_\_, including a low-interest rate l\_\_\_\_\_\_\_ for a car or house.

**§8.3 – PLANNING & BUDGETING: CRUNCHING THE NUMBERS**

*Match the words below with their appropriate description.*

BRACKET GRADUATED INCOME TAX MARGINAL TAX RATE EFFECTIVE TAX RATE FIXED EXPENSES NON-FIXED EXPENSES DIVIDENDS CAPITAL GAINS

WAGES SALARY TIPS

|  |  |
| --- | --- |
|  | Share of profits from a corporation paid to their stockholders |
|  | Income earned when you sell property/investments above the amount for which you purchased them |
|  | Expenses that do not change month-to-month or year-to-year |
|  | When higher income steps are taxed at higher rates |
|  | Fixed annual income |
|  | Expenses that change from month-to-month or year-to-year |
|  | Each step or range of income taxed at a particular tax rate |
|  | Rate at which your last dollar of income is taxed; the rate corresponding to your highest step of income |
|  | Non-fixed income based on hours worked |
|  | Additional income received from providing services |
|  | Amount of taxes you pay times 100% and divided by your gross income |

* Expenses like mortgage payments or insurance premiums are (CHOOSE: fixed / non-fixed).
* Expenses like food, gasoline, & utilities are often (CHOOSE: fixed / non-fixed) because they can easily change each month or year.
* You effective tax rate will always be (CHOOSE: less than / greater than) or equal to your marginal tax rate.

**§8.4 – SAVINGS & INVESTING**

*Match the words below with their appropriate description.*

CERTIFICATE OF DEPOSIT CHECKING ACCOUNT CORPORATE BOND TREASURY BILLS

MONEY MARKET ACCOUNT MUTUAL FUND RISK-RETURN MODEL RULE OF 72

SAVINGS ACCOUNT STOCKS ACCOUNT OVERDRAFT F.D.I.C.

|  |  |
| --- | --- |
|  | Calculation to determine how long it takes a savings bond to mature |
|  | Account that pays higher interest rate than regular savings account, but requires you to keep money in the account for a certain period of time, usually a year or more; low risk |
|  | Account that pays a higher interest rate than regular savings account, but requires that you keep a high minimum balance of funds in the account at all times |
|  | Account that allows you to withdraw or deposit funds at any time and usually pays a low interest rate |
|  | Investment where you receive partial ownership in a corporate, are entitled to dividend payments, & have the opportunity to earn a capital gain if you sell for more than which you originally paid |
|  | When you withdraw funds from your checking account that exceed the balance of that account, including “bounced” checks |
|  | Government corporation that insures deposits in checking, savings, money market, and CD accounts |
|  | The idea that investors demand higher interest payments (returns) on riskier investments |
|  | Savings bonds issued by federal government; doesn’t pay regular interest payments, but you pay only half of the bond’s face value; when bond matures, you redeem it for twice the value you paid; considered one of the safest investments because it is backed by the full-faith-and-credit of the US govt |
|  | Account that allows you to withdraw or deposit funds; allows you to make purchase via check or debit card; often has no interest payments |
|  | Money pooled by investors, managed by financial experts, and invested by in many stocks & bonds so as to spread risk and reduce the risk that you will lose your entire investment |

* Checking accounts, savings accounts, money market accounts, certificates of deposit (CDs), and treasury bills (savings bonds) pay (CHOOSE: higher / lower) return or interest rate than stocks and corporate bonds because the latter two pose a (CHOOSE: higher / lower) risk that investors will lose their entire investment.

**§7.5 – ACHIEVING YOUR FINANCIAL GOALS**

* I\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ buying is when consumers make purchases based on feelings/emotions, often leading to financial trouble.
* (Immediate / Delayed) gratification involves putting your long-term financial goals ahead of short-term desires.

MANAGING YOUR CHECKING & SAVINGS ACCOUNT BALANCES

* Record your beginning b\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for each account at the start of the month
* Deposits: a\_\_\_\_\_\_ deposited funds and change the balance to reflect the additional funds
  + INCLUDES: d\_\_\_\_\_\_\_\_\_\_\_\_ deposits (paycheck from employer) & i\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ earned in savings accounts
* Withdraws: s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ withdrawn funds and change the balance to reflect the funds removed
  + INCLUDES: a\_\_\_\_\_\_\_\_ bill pay, using your d\_\_\_\_\_\_\_\_\_ card or writing c\_\_\_\_\_\_\_\_\_\_ for purchases/expense
* Transfers: s\_\_\_\_\_\_\_\_\_\_\_\_\_ funds from one account and a\_\_\_\_\_ them to another account; then change the balance on each account to reflect the funds that were removed from one account and placed in another
* Find the ending b\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the end of each month
* Remember to record a brief d\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for each deposit, withdraw, or transfer (like “Rent” or “Groceries”)