**UNIT #8 – CIVICS & ECONOMICS – STUDY GUIDE**

**CREDIT**

(1) The ability to pay someone later is known as c\_\_\_\_\_\_\_\_.

(2) The actual amount of money borrowed is called the p\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

(3) The amount of money that borrowers need to pay back to the lender is called the i\_\_\_\_\_\_\_\_\_\_\_\_\_.

(4) When borrowing money or using credit, it is important to pay both the p\_\_\_\_\_\_\_\_\_\_\_\_ & i\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

(5) Items purchased on credit usually end up costing \_\_\_\_\_\_\_ because of i\_\_\_\_\_\_\_\_\_\_\_\_ payments.

(6) Consumers should include i\_\_\_\_\_\_\_\_\_\_\_\_ & f\_\_\_\_\_\_ in the final cost of a purchase with credit cards.

(7) If you only pay the minimum balance or interest payments on a credit card, you will ultimately pay \_\_\_\_\_\_\_ than if you paid the entire balance.

(8) Credit scores are based on our ability to pay money that we have borrowed – including the use of c\_\_\_\_\_\_\_\_ c\_\_\_\_\_\_.

(9) The responsible way to use credit cards is to pay the bill \_\_\_\_ \_\_\_\_\_\_\_, not just the m\_\_\_\_\_\_\_\_\_\_\_\_ payment.

(10) Your credit score can go down if you do not pay your bills \_\_\_\_ \_\_\_\_\_\_.

(11) By paying bills on time, you can establish a good c\_\_\_\_\_\_\_\_ r\_\_\_\_\_\_\_\_\_\_, making it easier to get a \_\_\_\_\_\_ from the bank.

(12) Consumers often use credit or debit cards because it is more c\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ than paying with cash.

(13) When taking out a loan at a bank, individuals often have to provide c\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or property that can be taken if they do not make payments on the loan.

(14) Having a bad credit score can lower your ability to get a j\_\_\_\_ (employers look at credit ratings/scores), to take out a l\_\_\_\_\_\_ from the bank (for a mortgage on a house), and sign a service c\_\_\_\_\_\_\_\_\_\_\_\_ with a phone carrier (you may have to put down a high security deposit).

**SAVINGS/INVESTMENTS**

(15) Immediate gratification is when individuals focus on s\_\_\_\_\_\_-t\_\_\_\_\_\_ wants over l\_\_\_\_\_-t\_\_\_\_\_\_ goals, such as making impulse purchases with money they would have saved for a vacation.

(16) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ interest builds upon the ***entire account balance*** or ***both*** the deposit and previous interest.

(17) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ interest builds upon ***only*** the principal amount.

(18) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ interest grows faster than \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ interest.

(19) To build more wealth it is better you save (earlier/later) with (compound/simple) interest.

(20) People save money in order to have back-up funds for e\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, for r\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and for m\_\_\_\_\_\_\_ purchases like houses or cars.

(21) \_\_\_\_\_\_\_\_\_\_\_\_ accounts allow us to store our money to access when needed.

(22) \_\_\_\_\_\_\_\_\_\_\_\_ accounts give us easy access to our money with checks and d\_\_\_\_\_ cards.

(23) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ accounts usually earn higher i\_\_\_\_\_\_\_\_\_\_ than regular savings accounts, but require you to have a high minimum balance.

(24) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ accounts (CDs) usually earn higher i\_\_\_\_\_\_\_\_\_\_\_\_\_ than regular savings accounts but require you to hold the deposit for a certain amount of time, usually a \_\_\_\_\_ or longer.

(25) The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ insures your money in the bank up a certain amount.

(26) S\_\_\_\_\_\_\_\_ and c\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ b\_\_\_\_\_\_\_ are riskier than s\_\_\_\_\_\_\_\_\_\_ accounts, U.S. Treasury bills (savings bonds), and CDs because businesses can f\_\_\_\_\_\_\_ and your entire investment could be wiped out.

**CONSUMER PROTECTION**

(27) The federal government has established several c\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ protections, such as the National Do Not Call Registry (protects you from unsolicited calls from telemarketers), dietary guidelines (nutrition information and ingredients on packaging), and the Equal Credit Opportunity Act (bans discrimination in getting credit or loans).

(28) What is the organization that a consumer could seek assistance with customer satisfaction ratings of businesses or to see complaints against a business? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_)

(29) What is the govt agency that recalls products that are unsafe? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(30) What is the govt agency that helps investors who have been conned by phony investment schemes?

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**BUDGETING**

(31) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ income: amount of money you make before taxes or expenses

(32) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ income: amount of money you make after taxes are deducted, but before expenses

(32) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ income: amount of money you have remaining after taxes and expenses for necessities

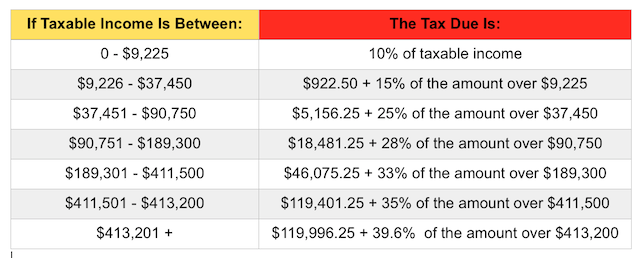
(33) Three ways to analyze your budget: compare types of expenses as a p\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of total expenses, compare expenses o\_\_\_\_\_\_ t\_\_\_\_\_\_, determine if you need more i\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or to cut e\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(34) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Income minus expenses

(35) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Income > expenses

(36) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Expenses > income

**BUDGETING**

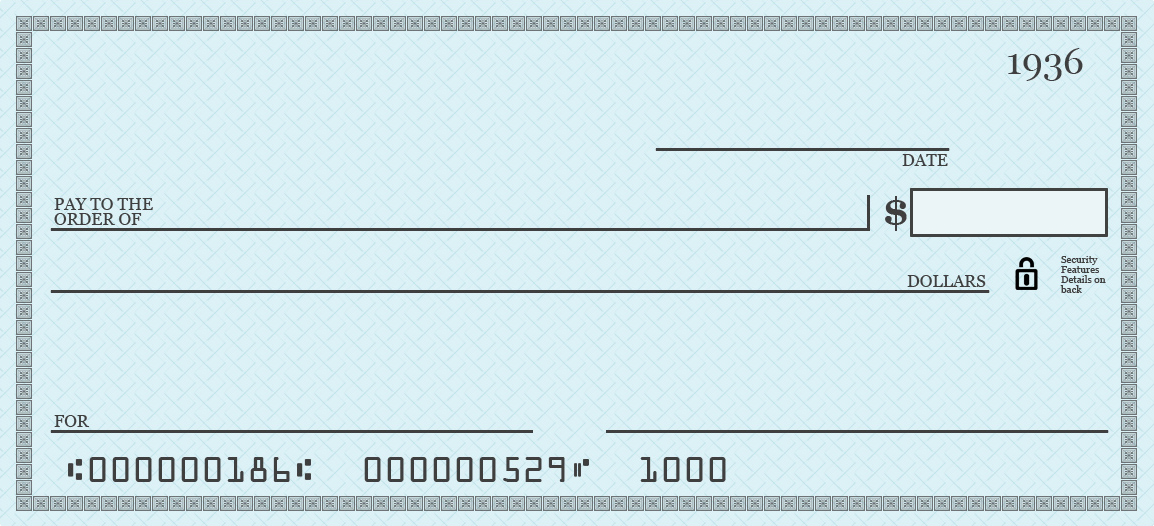


* + Example: Your gross (taxable) income for 2015 was $29,225. You spent $18,000 on housing, food, & other needs. You spent $6,000 on wants, $500 on gifts, $1,000 on savings, & $500 on investments.
    - Marginal tax rate = \_\_\_\_\_%
    - Taxes =

(0.\_\_\_\_)($\_\_\_\_\_\_\_\_ - $\_\_\_\_\_\_\_\_) + ($\_\_\_\_\_\_\_\_\_\_)

= $\_\_\_\_\_\_\_\_\_\_\_\_

* + - Effective tax rate = ($\_\_\_\_\_\_\_\_\_\_\_\_)(100%) / ($\_\_\_\_\_\_\_\_\_\_\_) = \_\_\_\_\_\_\_\_%
    - Disposable income = $\_\_\_\_\_\_\_\_\_\_ - $\_\_\_\_\_\_\_\_\_\_\_ = $\_\_\_\_\_\_\_\_\_\_\_
    - Discretionary income = $\_\_\_\_\_\_\_\_\_\_\_\_ - $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ = $\_\_\_\_\_\_\_\_\_\_\_\_
    - Balance = $\_\_\_\_\_\_\_\_\_\_\_ - $\_\_\_\_\_\_\_\_\_\_\_ - $\_\_\_\_\_\_\_\_\_\_\_ - $\_\_\_\_\_\_\_\_\_\_\_ - $\_\_\_\_\_\_\_\_\_\_ = $\_\_\_\_\_\_\_\_\_\_\_\_
    - Positive balance (SURPLUS) or negative balance (NEGATIVE)? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    - % Wants = ($ Wants)(100%) / ($ gross income) = ($\_\_\_\_\_\_\_\_\_\_)(100%) / ($\_\_\_\_\_\_\_\_\_\_\_\_) = \_\_\_\_\_\_\_%

**WRITING A CHECK**

*Write a check, given the following information:*

**HANK HILL**

**123 RAINEY STREET**

**ARLEN, TX 54321**

* Date: May 1, 2016
* Amount: $98.76
* Pay to the order of: Mega-Lo-Mart
* For: Lawn equipment

**TRACKING DEPOSITS, WITHDRAWS, & TRANSFERS:**

*Use scenario to complete the account balances below and find* **ending balances****on your checking & savings accounts***:*

(1) You have a checking account with a $1,500 balance & a savings account with a $5,000 balance at the start of the month.

(2) You pay RENT by writing a check for $500.

(3) You pay UTILITIES by automatic bill pay for $100.

(4) You buy GROCERIES for the month for $200 using your debit card.

(5) You buy GAS for $100 with your debit card.

(6) You TRANSFER $200 from your checking account into your savings account.

(7) You are paid at the end of the month through direct deposit for $3,000 into your checking account. (PAYCHECK)

(8) You earn 1% INTEREST EARNED off of the ***beginning balance*** on your savings account.

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| **CHECKING** | | | |
|  | **DEPOSITS** | **WITHDRAWS** | **BALANCE** |
| **BEGINNING OF MONTH BALANCE** |  |  |  |
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| **END OF MONTH BALANCE** |  |  |  |

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| **SAVINGS** | | | |
|  | **DEPOSITS** | **WITHDRAWS** | **BALANCE** |
| **BEGINNING OF MONTH BALANCE** |  |  |  |
|  |  |  |  |
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| **END OF MONTH BALANCE** |  |  |  |