

## **Business and Personal Finance © 2012**

### **Chapter 10: Personal Financial Planning**

#### **Check Your Answers: Section Assessment**

##### **Section 2**

##### **Review Key Concepts**

1. Whenever you make a choice, you have to give up some of your other options. You have to decide how to use your personal resources.
2. The time value of money is the increase of an amount of money due to earned interest or dividends.
3. Obtain, plan, spend wisely, save, borrow wisely, invest, manage risk, and plan for retirement

##### **Higher Order Thinking**

4. The statement means do not spend more than what you have. Students should say that it is good advice because one of the eight strategies discussed in the chapter is spending wisely.

##### **English Language Arts**

**5. Weighing Options** Answers will vary but may include: Personal costs—time, socialization, entertainment. Personal benefits—gain knowledge, acquire skills, an increased chance of further education, personal satisfaction. Financial costs—money for tuition and supplies, payback of student loans, possible loss of pay. Financial benefits—qualify for a career with good pay, greater opportunity to find employment.

##### **Mathematics**

**6. Future Value of a Series of Deposits** Estimated down payment =  $\$200,000 \times .15 = \$30,000$ ; Multiplying factor from Figure 4 = 7.336; Future value =  $\$3,500 \times 7.336 = \$25,676$ ; Additional savings needed =  $\$30,000 - \$25,676 = \$4,324$