

Answers to Personal Finance Worksheets

Credit and Debt

1. Collateral
2. Credit
3. Truth in Lending Laws
4. Credit Bureau (remember, the three credit bureaus are Equifax, Experian, and Transunion)
5. Credit History
6. Finance charges
7. \$3863 ($6863 - 3000 = 3863$)
8. \$9,317 (OR, $\$6317 - \$9,317 - \$3,000 = \$3,963$.)
9. Paying off debt is wiser.
10. \$10,602
11. Morgan's Department Store \$127.
12. University Bank – 30 days late three times.
13. $\$3217 + 3723 = \6940
14. First City Bank - \$3,217

Buying Insurance Worksheet

- a. Uninsured/underinsured motorist.
- b. Comprehensive
- c. Collision
- d. Property damage liability and Collision
- e. Personal Injury Protection and collision to repair your car.
- f. Bodily injury Liability and, if your car is damaged, you would need collision to repair your car.

Saving and Investing

1. Advantage = Insured by FDIC (up to \$250,000) – No risks. Disadvantage = Low return on investment.
2. Certificate of Deposit
3. Bonds and Stocks are similar in that they are both forms of investments that present a certain amount of risk. Stocks and some bonds are issued by corporations (corporate bonds – you are loaning a corporation money). Some bonds are government bonds (you are loaning the government money). How are they different? Stocks represent ownership in the corporation. Bonds are a loan to either a corporation or the government.
4. Dividend – Portion of a corporation's profits – with dividends, the corporation share the profits with stock owners. Capital gains – Profit made when you sell shares of a stock for more than you pay for the stock.
5. Preferred Stock – pay dividends to shareholders; common stocks do not.
6. Advantage of owning shares of stock: Stocks offer a higher potential return on investment. Disadvantage: Stocks are not insured, so they are very risky.

TAXES: Know the difference between progressive tax, proportional tax and regressive tax – see foldable