setting and prioritizing your financial goals

short-range goal (within 1 month)

Goal: ___________________________  Objective: ___________________________  $ __________

______________________________  Estimated Cost: $ __________

______________________________  Target Date: $ __________

______________________________  Monthly Amount: $ __________

medium-range goal (2–12 months)

Goal: ___________________________  Objective: ___________________________  $ __________

______________________________  Estimated Cost: $ __________

______________________________  Target Date: $ __________

______________________________  Monthly Amount: $ __________

long-range goal (more than 1 year)

Goal: ___________________________  Objective: ___________________________  $ __________

______________________________  Estimated Cost: $ __________

______________________________  Target Date: $ __________

______________________________  Monthly Amount: $ __________
calculating interest

directions
Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. If you put $200 in a savings account that paid 5.5% simple interest each year, how much interest would you earn in five years?

2. If you put $150 in a savings account that paid 6% compounded yearly, how much interest would you earn in five years?

3. If you put $25 each month into a savings account that paid a simple interest rate of 6.5% each year, how much would you have in your account at the end of two years?

4. If you put $10 each week into a savings account that paid 6% interest compounded yearly, how much money would you have in your account after three years? (Hint: Use How Much Will My Savings Grow Calculator?)
selecting mutual funds

directions
For each of the investment situations below, select the type of mutual fund that would be most appropriate from this list:

Balanced Fund   Income Fund
Global Bond Fund   Industry Fund
Global Stock Fund   Municipal Bond Fund
Growth Fund   Regional Stock Fund

1. A person wants an international mutual fund without the risks associated with stocks.
2. An investor wants tax-exempt income from investments.
3. An investor is interested in investing in health-care stocks.
4. A person wants to invest in stocks from around the world.
5. A person is interested in long-term growth for future financial security.
6. An investor seeks to buy stock in companies located in Europe.
7. A retired person desires investment earnings to provide for current living expenses.
8. A person wants to invest in a blend of stocks and bonds.
9. An investor wants to invest in debt instruments issued by state and local governments.
10. A person expects growth of companies in Latin America.
test your knowledge of saving and investing

directions
Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. How long would it take to double your money in an account that paid 6% per year?

2. What interest rate would double your money in 5 years?

In the space provided, write the letter of the savings account or savings method the statement represents.

a) Passbook account  

b) Statement account  

c) Interest-earning checking  

d) Time deposit (Certificate of Deposit)  

e) Money-market deposit account

3. ______ A combination of a checking and savings account. Interest rates, which are based on a complex structure, vary with the size of your balance.

4. ______ Combines the benefits of a checking and savings account. Interest is paid each month on unused money in the account.

5. ______ You can only write a limited number of checks each month.

6. ______ Bank pays a fixed amount of interest, on a fixed amount of money, for a fixed amount of time.

7. ______ Penalty is usually charged if money is withdrawn before expiration date.

8. ______ Interest rate is usually lower than passbook or statement accounts.
test your knowledge of saving and investing
(continued)

In the space provided, write the letter of the investment vehicle the statement represents.

- a) Bonds
- b) Mutual funds
- c) Stocks
- d) Real estate
- e) Keogh plan

9. ____ This type of investment offers an excellent protection against inflation.

10. ____ A retirement plan for the self-employed.

11. ____ Issuer agrees to pay investors a fixed interest rate for a fixed period of time.

12. ____ You can contribute each year to this tax-deferred account.

13. ____ Penalty is usually charged if money is withdrawn before expiration date.

14. ____ Professionally managed portfolios made up of stocks, bonds, and other investments.

15. List the four most important factors to consider when shopping for a savings account.

16. List the four main differences between saving and investing.
lesson eight quiz: saving and investing

true-false
1. _____ A certificate of deposit must be held for a set amount of time such as six months or a year.
2. _____ Compound interest refers to money earned from buying a tax-exempt investment.
3. _____ A share of stock represents ownership in a company.
4. _____ A mutual fund is an investment issued by a state or local government agency.
5. _____ Treasury bonds are a safer investment than real estate.

case application
The Johnson family includes Marv (age 34), Gail (33), Andrew (8), and Molly (4). What are some investment goals that might be appropriate for this family? What types of investments might be used to achieve these goals?

multiple choice
6. _____ The lowest interest rate is usually earned on a:
   A. money-market account
   B. passbook account
   C. certificate of deposit
   D. mutual fund

7. _____ The total interest earned on $100 for two years at 10 percent (compounded annually) would be:
   A. $2
   B. $21
   C. $11
   D. $10

8. _____ Based on the rule of 72, money earning 6 percent would take about _____ years to double.
   A. 6
   B. 8
   C. 9
   D. 12

9. _____ An example of a company’s debt is a:
   A. corporate bond
   B. share of stock
   C. mutual fund
   D. municipal bond

10. _____ The investment with the most risk would be:
    A. a savings account
    B. U.S. Treasury bonds
    C. corporate stocks
    D. corporate bonds