setting and prioritizing your financial goals

**short-range goal (within 1 month)**

<table>
<thead>
<tr>
<th>Goal:</th>
<th>Objective</th>
<th>$</th>
<th>Estimated Cost</th>
<th>$</th>
<th>Target Date</th>
<th>$</th>
<th>Monthly Amount</th>
<th>$</th>
</tr>
</thead>
</table>

**medium-range goal (2–12 months)**

<table>
<thead>
<tr>
<th>Goal:</th>
<th>Objective</th>
<th>$</th>
<th>Estimated Cost</th>
<th>$</th>
<th>Target Date</th>
<th>$</th>
<th>Monthly Amount</th>
<th>$</th>
</tr>
</thead>
</table>

**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.
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.
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.

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.

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

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?