

1 section:
vocabulary

Fill in the missing word(s) in the space provided at the right.

Example: All the money you receive is either _____, saved, or invested.

- | | |
|---|----------------------|
| 1. An orderly program for spending, saving, and investing the money you receive is known as a(n) _____. | 0. _____ spent _____ |
| 2. Money you have to spend as you wish—after all required deductions—is known as _____. | 1. _____ |
| 3. A(n) _____ is an organized plan whereby you match your expected income with expenses and savings. | 2. _____ |
| 4. A computer program that organizes data for easy search and retrieval is a(n): _____. | 3. _____ |
| 5. A(n) _____ is a statement about a product's qualities or performance that the seller assures the buyer are true. | 4. _____ |
| 6. Expenses that remain constant and cannot be easily changed or removed from a budget are called _____ expenses. | 5. _____ |
| 7. Expenses that may change according to needs and short-term goals are called _____ expenses. | 6. _____ |
| 8. A(n) _____ is a person who promises to pay a note if the maker fails to pay. | 7. _____ |
| 9. Items of value that a person owns are called _____. | 8. _____ |
| 10. Amounts of money owed to others, also known as debts, are called _____. | 9. _____ |
| 11. When you subtract your debts from the total amount of things you own, the difference is known as _____. | 10. _____ |
| 12. Money remaining after expenses are paid is called _____. | 11. _____ |
| 13. A legally enforceable agreement between two or more parties to do or not to do something is a(n) _____. | 12. _____ |
| 14. Unwritten agreements, often called _____ agreements, are legally enforceable. | 13. _____ |
| 15. Anything of value exchanged as part of a contract is called _____. | 14. _____ |
| 16. _____ are persons who are legally able to give sane and intelligent consent and are legally capable of entering into contracts. | 15. _____ |
| 17. A(n) _____ is a document that is a written order to release or issue money, the most common of which is a check. | 16. _____ |
| 18. A person who promises to pay the debt of another person is a(n) _____. | 17. _____ |
| 19. The person who creates and signs a promissory note is called the _____. | 18. _____ |
| | 19. _____ |

On the line at the right of each sentence, print the letter that represents the word or group of words correctly completing the sentence or answering the question.

	Answers	For Scoring
1. Most financial experts agree that families should set aside at least _____ percent of their disposable income each pay period, (a) 10, (b) 15, (c) 20, (d) 25	_____	1. _____
2. Lunches, medical bills, personal care items, and clothing are all examples of (a) income, (b) fixed expenses, (c) variable expenses, (d) investments.	_____	2. _____
3. A house payment and utilities are examples of (a) income, (b) fixed expenses, (c) variable expenses, (d) investments.	_____	3. _____
4. The most common purpose for a net worth statement is (a) fire-loss proof, (b) damage report, (c) loan or credit application, (d) employment application.	_____	4. _____
5. A personal property inventory is most commonly used for (a) proof of loss from fire, theft, or property damage, (b) a car loan application, (c) a credit card application, (d) an employment application.	_____	5. _____
6. The IRS can audit your tax returns for a period of _____ year(s), except in the case of fraud, where there is no time limit. (a) one, (b) three, (c) six, (d) ten	_____	6. _____
7. Which of these is a liability? (a) car, (b) car loan, (c) stereo, (d) savings account.	_____	7. _____
8. When a person changes the terms of an offer, she or he has made a(n) (a) agreement, (b) acceptance, (c) counteroffer, (d) exchange.	_____	8. _____
9. The price, which may be in the form of money, a promise, or a performed act, is known as a(n) (a) offer, (b) acceptance, (c) competent parties, (d) consideration.	_____	9. _____
10. Which of these is NOT required for a legally binding agreement? (a) counteroffer, (b) agreement, (c) consideration, (d) capacity	_____	10. _____
11. When your assets are greater than your liabilities, you are said to be (a) responsible, (b) insolvent, (c) solvent, (d) rich.	_____	11. _____
12. An agreement entered into orally is (a) enforceable, (b) unenforceable, (c) void, (d) voidable.	_____	12. _____
13. Intentional misrepresentation of a material fact is called (a) duress, (b) mistake, (c) undue influence, (d) fraud.	_____	13. _____

Activity 8.2 Budget for Bill and Maura Jones

Directions: Prepare a monthly and yearly budget for Bill and Maura Jones based on the following information. The Joneses hope to invest \$50 monthly in a college fund.

Average monthly net paychecks total \$1,555

Average monthly expenses:

Rent	\$450	Clothing	50
Utilities	80	Telephone	25
Gasoline	70	Entertainment	100
Car payment	190	Miscellaneous	50
Car maintenance	50	Personal care	25
Insurance (car, life, health)	90	Gifts and donations	10
Groceries	300	Savings	To be determined

Budget
Bill and Maura Jones

Income	Monthly	Yearly
Net paychecks	\$ _____	\$ _____
Other income	_____	_____
Total income	\$ _____	\$ _____
Expenses		
Fixed expenses:		
Rent	\$ _____	\$ _____
Utilities	_____	_____
Car payment	_____	_____
Insurance	_____	_____
Total fixed expenses	\$ _____	\$ _____
Variable expenses:		
Telephone	\$ _____	\$ _____
Gasoline	_____	_____
Car repairs and maintenance	_____	_____
Cable television	_____	_____
Groceries	_____	_____
Clothing	_____	_____
Personal care	_____	_____
Recreation and entertainment	_____	_____
Gifts and donations	_____	_____
Miscellaneous	_____	_____
Other	_____	_____
Total variable expenses	\$ _____	\$ _____
Total fixed and variable expenses	\$ _____	\$ _____
Cash surplus (total income minus total expenses)	\$ _____	\$ _____
Allocation of surplus:		
_____	\$ _____	\$ _____
_____	_____	_____

Activity 8.4 Budget for Margaret Brown

Directions: Prepare a monthly and yearly budget for Margaret Brown based on the information given. Margaret is single and lives alone in a rented apartment.

Monthly net pay totals	\$1,100
Interest income on savings	<u>400</u>
Total income (average)	\$1,500

Average monthly expenses:

Rent	\$350	Telephone	25
Utilities	40	Groceries	200
Gasoline	50	Miscellaneous	75
Insurance	125	Personal care	35
Clothing	65	Gifts and donations	5
Recreation/entertainment	100	Savings/Investments	
Car payment	220	Stocks (mutual fund)	75
Car repair/maintenance	40	Savings account	To be determined

Budget Margaret Brown		
Income	Monthly	Yearly
Net paychecks	\$ _____	\$ _____
Other income	_____	_____
Total income	\$ _____	\$ _____
Expenses		
Fixed expenses:		
Rent	\$ _____	\$ _____
Utilities	_____	_____
Car payment	_____	_____
Insurance	_____	_____
Total fixed expenses	\$ _____	\$ _____
Variable expenses:		
Telephone	\$ _____	\$ _____
Gasoline	_____	_____
Car repairs and maintenance	_____	_____
Cable television	_____	_____
Groceries	_____	_____
Clothing	_____	_____
Personal care	_____	_____
Recreation and entertainment	_____	_____
Gifts and donations	_____	_____
Miscellaneous	_____	_____
Other	_____	_____
Total variable expenses	\$ _____	\$ _____
Total fixed and variable expenses	\$ _____	\$ _____
Cash surplus (total income minus total expenses)	\$ _____	\$ _____
Allocation of surplus:		
_____	\$ _____	\$ _____
_____	_____	_____