1. Name the six steps in the financial planning process
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
8. Leilani has cash of $100, a car worth $5,000, and books worth $200. Her liabilities include a car loan of $2,000 and a credit card balance of $100. What is the total of her assets, liabilities, and net worth?

ASSETS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

LIABILITIES: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NET WORTH: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Marie’s take home pay is $1,500 bi-weekly (26 times per year) as a market researcher. Her expenses are $800 per month rent on her apartment, $250 per month for food, and $100 per month for utilities. Her incidental expenses are $300 per month. Marie also has student loans on which she makes monthly payments of 300. Marie is planning to purchase a new car, but also is very determined to save at least 50% of any budget surplus each month for a future down payment on a condo. If Marie adheres to this savings plan, how much would she have available each month for the car payment, rounded to the nearest dollar?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. The \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ is a fixed dollar amount set by the IRS which can be deducted from gross income to determine taxable income.
2. A (n) \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ offsets taxes by subtracting the full amount from the taxes owed.

True/False Questions

1. Your budget is influenced by your income, which in turn is influenced by your education and career decisions.

True False

1. A thorough understanding of this personal finance book qualifies you to become a financial adviser.

True False

1. Some people with large incomes spend their entire paychecks within a few days, while others with small incomes may be big savers.

True False

1. Getting financial help from family and friends is easy and should be one of your first options in case of emergencies.

True False

1. Almost all financial decisions involve opportunity costs.

True False

1. An annuity is a stream of equal payments that are received or paid at equal intervals in time.
2. T

True False

1. In order to maximize the use of your money, you may want to delay payment of your bills slightly beyond their due dates.

True False

1. Medicare taxes are 1.45% of your salary, regardless of the salary amount.

True False

1. Employers have an option of whether or not to match an employee’s Social Security and Medicare taxes.

True False

1. Two key tax planning decisions in building your financial plan are to know what tax savings are currently available to you, and learning how you can increase your tax savings in the future.