**Reading Guide CHAPTER 20 – Personal Finance & Economics**

*Complete on your own paper – typed answers will not be accepted*

*4 Acceptable Submission Options (10% deduction if not followed):*

*1. Staple this sheet to your answers*

*2. Write answers using complete sentences where the question can be inferred*

*3. Write out the question and the answer*

*4. Reformat this page to leave ADEQUATE space for each answer to print as a worksheet, write answers by hand*

**Section 1: Managing Your Money**

1. What is the difference between ***disposable income*** and ***discretionary income***?
2. What is **consumerism**?
3. What are the five major consumer rights?
4. What are two main consumer responsibilities?
5. What are two things you should do if you purchase a faulty product or service?
6. Define: ***warranty***.
7. What two scarce resources are involved in buying decisions?

**Section 2: Planning and Budgeting**

1. If your income exceeds your expenses, are you left with a ***surplus*** or a ***deficit***?
2. What is the final step in creating a budget?
3. What is the ***annual percentage rate (APR)***?
4. What is the purpose of ***collateral***?
5. How does a credit card work?
6. What is the term for the inability to pay debts?
7. What does it mean to be a responsible borrower?

**Section 3: Saving and Investing**

1. In what way does saving benefit the economy?
2. How are ***interest*** and ***principal*** related?
3. How are a ***money market account*** and a ***certificate of deposit* (CD)** similar and different?
4. What is the term for a percentage of company earnings paid to stockholders?
5. How are ***stocks*** and ***bonds*** different?
6. Why are ***mutual funds*** less risky than individual stocks or bonds?

**Section 4: Achieving Your Financial Goals**

1. What is ***impulse buying***? Have you ever bought anything on impulse (or begged your parents to buy it for you - be honest!)?
2. Why do marketers put items near the checkout line?
3. What are four sings of impulse buying?
4. What is one way to avoid impulse buying?
5. How do long-term goals conflict with short-term spending decisions?
6. How can long-term planning for your education help you financially?