

Business and Personal Finance © 2012

Chapter 10: Personal Financial Planning

Check Your Answers: Section Assessment

Section 1

Review Key Concepts

- 1.** Personal financial planning is managing your money to achieve financial independence and security.
- 2.** Determine your current financial situation; develop financial goals; identify alternative courses of action; evaluate alternatives; create and use your financial plan of action; and review and revise your plan.
- 3.** Factors include life situations, personal values, and outside economic factors.

Higher Order Thinking

- 4.** Answers will vary. Sample answer: Spouses who disagree about how much to spend on certain goods or activities may have frequent arguments. To reduce arguments, they need to communicate with each other before making decisions.

21st Century Skills

- 5. Work Creatively with Others** Role plays will vary but students should recognize that leaving finances up to chance can be very risky. Planning takes time, but in the long run it is worth the effort. Students may tell the classmate that financial planning is a powerful tool that can help him or her achieve goals.

Mathematics

- 6. Effects of Inflation** Price after year 1 = $(\$2,600 \times .03) + \$2,600 = \$2,678$; Price after year 2 = $(\$2,678 \times .025) + \$2,678 = \$2,744.95$; OR Price after year 2 = $\$2,600 \times 1.03 \times 1.025 = \$2,744.95$