

Business and Personal Finance © 2012

Chapter 12: Money Management Strategy

Check Your Answers: Section Assessment

Section 1

Review Key Concepts

- 1.** Money management is getting the most out of your money. To accomplish this, you must make sound decisions regarding trade-offs, selecting the option that is financially beneficial.
- 2.** Keeping and maintaining financial records helps you to plan and measure your financial progress, determine how much you will have now and in the future, and decide how to save money.
- 3.** An effective system for maintaining financial documents should include a home file for personal documents that are not hard to replace such as bank statements; a safe-deposit-box for important documents such as titles, birth certificates, and valuable collectibles; and a home computer for budgets, transactions, and resumes.

Higher Order Thinking

- 4.** Managing opportunity costs and maintaining financial records are both critical to a sound financial plan. Making sound financial decisions to get the most out of your money is an important step. In order to make and track these decisions you need to maintain financial records to keep track of your money and determine your financial position.

21st Century Skills

- 5. Communicate Clearly** Answers should include first establishing which records should be stored and which need to be made readily available, then determining the appropriate locations for each. Explanations should include the need to have bank statements available to reconcile accounts, the need to store paycheck stubs for tax purposes, and the need to store receipts for future tracking of spending as well as product problems.

Mathematics

- 6. Determine Opportunity Costs** $250 \times .0675 = 16.88$, $250 + 16.88 = 266.88$; $235 \times .06 = 14.10$, $235 + 14.10 = 249.10$, $249.10 + 9.95 = 259.05$; Purchasing the stereo from the Web site is the least expensive option.