Money Management Semester 2 Final

Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Matching:

|  |  |  |
| --- | --- | --- |
|  | Minimum Amount you should save from each check | a. W-4 |
|  | Form that informs your employer of your withholding preferences | b. Dealer’s Invoice |
|  | Form that indicates the amount of tax withheld for filing your taxes. | c. 3 years |
|  | The price recommended by a car manufacturer | d. Interest Rate |
|  |  The price paid by the dealer for a new car. | e. 10% |
|  |  Number of years of a typical car lease | f. W-2 |
|  | Length of a loan or time an investment is held | g. Deductible |
|  | Length of a typical mortgage | h. MRSP |
|  | This should be high for savings and investing but low for loans and credit cards | i. 60 months |
|  | Typically the maximum length of time of a new car loan. | j. Warranty |
|  | The amount of money borrowed on a loan. | k. Prime |
|  | The monthly, quarterly, semi-annual or annual payment made on insurance. | l. Term |
|  | The amount of out of pocket cash you must pay that the insurance does not cover in the event you make need to make a claim. | m. Credit Score |
|  | Guarantee of reliability for a given period of time and an agreement to replace or repair anything covered that is faulty. | n. 30 years |
|  | A measure of a person’s ability to handle debt. | o. Premium |
|  | The interest rank banks charge to their best business customers. | p. Principal |

2. Explain the concept of diversifying your investment portfolio and the purpose of diversification in terms of risk.

3. Match the investment term with the appropriate definition:

|  |  |  |
| --- | --- | --- |
|  | Stocks | a. A collection of stocks and/or bonds that is used for long term growth |
|  | Bonds | b. This is sold by corporations and can be large cap, small cap, growth, cyclical or value. |
|  | Mutual Funds | c. The Electronic Stock Market |
|  | Money Markets | d. This can be considered a means of loaning a business or government money and  |
|  | Certificate of Deposit | e. Provides an all-inclusive list of investing services for a fee |
|  | Full Service Broker | f. Charges investors significantly less because they do not provide investing advice |
|  | New York Stock Exchange | g. The oldest and largest stock exchange founded in 1792 |
|  | NASDAQ | h. Low risk investment that is essentially a savings account that can be opened with an initial deposit of as little as $1000. |
|  | Discount Broker | i. an investment tool that is similar to a CD but usually requires a larger deposit and the owner can write checks on the account. |

4. Name and explain at least two benefits and two drawbacks of purchasing a brand new car and of leasing a car:

|  |  |  |
| --- | --- | --- |
|  | **New Car** | **Lease** |
| **Benefit 1** |  |  |
| **Benefit 2** |  |  |
| **Drawback 1** |  |  |
| **Drawback 2** |  |  |

5. Go to [www.bankrate.com](http://www.bankrate.com) and calculate the monthly payment for a home that costs $145,000; interest rate 3.5% for 30 years?

6. Using the figures in number 12, how much sooner can you pay off the loan if you pay an additional $100 per month?

7. What is the purpose of using Kelly Blue Book or Edmunds? How can it help you when purchasing or selling a vehicle.

8. Credit Karma ([www.creditkarma.com](http://www.creditkarma.com)) can be helpful in a number of ways. Name at least 2.

Bonus Question: Explain at least three elements of the “Lemon Law.”