

Unit 5 Blueprint

Name: _____

Unit 5 Vocab Check

___	1. Income	A. How easily you can get your money out of an investment
___	2. Fair Credit & Reporting Act	B. Uncertainty about a situation's outcome
___	3. Collateral	C. Paying off an item over time
___	4. Credit Line	D. The earning potential of an investment
___	5. BBB	E. Registering your name to be removed from telemarketers' lists
___	6. Foreclosure	F. The amount of money a business or individual makes from working
___	7. National Do Not Call List	G. Provides you must be given a copy of your credit report if requested
___	8. Credit Score	H. Property used to back up a loan
___	9. Liquidity	I. You would use this agency to learn how businesses treat their customers
___	10. Finance	J. The total amount of money you can spend on your credit card
___	11. Return	K. When the bank repossess someone's home due to non-payment of a mortgage
___	12. Risk	L. A number assigned to someone that indicates their history and ability of paying back loans

5.1—Budget

1. Explain the difference between gross pay and net pay.
2. How are income and expenditures opposites?
3. List 4 examples of a pre-tax deduction.
4. When a person gets his or her net paycheck, what is the first thing that should be paid? Why?

5.3—Debit v. Credit

- 1) How is interest difference in reference to a credit card?
- 2) Why would someone want a low APR?
- 3) Since most of us don't have enough cash lying around to buy a house, we would probably get a loan from the bank. If a person is no longer able to repay their loan, what does the bank have the right/power to do?
- 4) List 3 ways that a person can ensure that his/her credit score remains high?
- 5) List 1 pro and 1 con of credit cards.
- 6) List 1 pro and 1 con of debit cards.

5.5—Insurance

___	1. Risk	A. % of your total medical bill paid when you visit the Dr.'s office or buy prescriptions
___	2. Insurance	B. arrangement between an individual and an insurer to protect against risk
___	3. Policy	C. fee paid to the insurer to cover the losses and also the costs of operating the business
___	4. Premium	D. covers loss of personal possessions, damage to property, and injury to others on the property
___	5. Deductible	E. uncertainty about a situation's outcome
___	6. Co-Pay	F. fee paid out of pocket by the policy holder before insurance can kick in
___	7. Health Insurance	G. contract specifying the terms of the insurance arrangement
___	8. Home Owners/ Renters	H. when a policy owner dies this covers debts, expenses, funeral and education
___	9. Life Insurance	I. Insurance for accidents that may happen and you are responsible
___	10. Liability Insurance	J. covers car accidents and other damage to your car
___	11. Disability Insurance	K. If an accident happens and you can't work
___	12. Automotive Insurance	L. covers health-care costs, may include dental and vision

5.4 Types of Investments

Type	Definition	Risk	Reward
Bond			
CD			
Stocks			
Mutual Funds			
Savings			

5.6 Responsible Consumer (Fraud)

1) Create a scenario that would explain how a Ponzi scheme would work in today's world. This is fictitious.

Example: Mrs. Marquez had a fabulous idea for an easy way to earn some extra money, so she started an investment company. Mrs. Marquez doesn't want to invest any of her own money, but she has 3 really wealthy friends who invest \$500,000 each in this new company. She guarantees a 10% return on investment within the first year. Each month, using their own money, she returns a portion of their investment, plus the 10%. Her 3 friends are very happy with her company, so they want to invest more money. She also has new investors who have heard how awesome the investment opportunities are at Marquez Inc. The next time that she makes payment to her clients, she uses money from her new clients to pay the old clients. All the while, more and more new clients are asking to invest in Mrs. Marquez Inc. because of the high/easy return. Mrs. Marquez decides that she wants to retire with money that is not her own. She steals someone's identity and moves to Russia to spend the rest of her days...

2). Create a scenario that would explain how a Pyramid scheme would work in today's world. This is fictitious.

Example: Mrs. Marquez decides that she wants to sell copy paper to all of her teacher friends. She recruits 2 teachers to help sell the paper. Each of them gives part of their earnings to Mrs. Marquez and then they recruit more teachers to sell more paper for the company. More recruits = more money.