

ASSIGNMENT SHEET 3

Analyze budgeting case studies.

Name _____ Score _____

Difficult decisions must often be made when you cannot afford all of your needs and wants. If you cannot pay for all of your goals, you will need to either adjust your financial plan, or compromise on your goals.

Instructions: Read the following cases, and answer the questions that follow.

You Will Need

- Pen or pencil
- Calculator (optional)

Jana makes \$8.50 per hour and takes home \$1356 per month. She spends \$300 per month for rent, \$160 per month on gas and car upkeep, \$325 per month on food and beverages, \$100 per month on clothing, \$85 per month on furniture payments, and \$80 per month on household operation. She also deposits \$150 into her savings account. For the past three months, Jana has had to spend about \$130 per month in car repairs; her mechanic says the car will need another \$1000 of work over the next few months. Jana wonders if she would be better off buying a new car that did not need such expensive repairs.

1. Can Jana afford a new car payment of \$245 per month with her current budget?

2. If she buys the new car, what adjustments would she need to make in her current budget?

UNIT 1 MANAGING MONEY 31

BASIC SKILLS



READING



CRITICAL THINKING



WRITING



MATHEMATICS

For general instructions for all Assignment Sheets, refer to the Upfront Material at the beginning of this book.

Answers:

1. No, she cannot afford a new car with her current budget.
2. Answers may vary. Possible answers include reducing her monthly savings, cutting down on food and beverage expenses, and/or buying a less expensive car.
3. Answers will vary.
4. No, Wayne cannot afford the boat with his current budget because he would have less than \$70 per month for "other" expenses.
5. Answers will vary. Students should take wants, needs, and financial goals into consideration.
6. Answers will vary but should include major budget categories such as housing, utilities, transportation, groceries, insurance, and savings.

UNIT 1

WRITTEN TEST ANSWERS

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. B | 13. A | 25. C | 37. A | 49. C |
| 2. C | 14. B | 26. A | 38. B | 50. A |
| 3. B | 15. B | 27. C | 39. C | 51. B |
| 4. A | 16. B | 28. B | 40. C | 52. B |
| 5. D | 17. A | 29. B | 41. D | 53. B |
| 6. A | 18. A | 30. C | 42. B | 54. C |
| 7. D | 19. B | 31. A | 43. A | 55. A |
| 8. B | 20. A | 32. B | 44. C | 56. D |
| 9. A | 21. B | 33. C | 45. B | |
| 10. B | 22. A | 34. B | 46. B | |
| 11. D | 23. B | 35. B | 47. A | |
| 12. A | 24. C | 36. B | 48. B | |

UNIT 2

WRITTEN TEST ANSWERS

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. A | 19. D | 37. A | 55. C | 73. A |
| 2. A | 20. B | 38. B | 56. A | 74. B |
| 3. B | 21. B | 39. A | 57. A | 75. A |
| 4. A | 22. A | 40. A | 58. C | 76. B |
| 5. B | 23. B | 41. A | 59. C | 77. C |
| 6. B | 24. A | 42. B | 60. A | 78. D |
| 7. A | 25. B | 43. A | 61. B | 79. A |
| 8. C | 26. B | 44. D | 62. C | 80. A |
| 9. C | 27. A | 45. B | 63. A | 81. A |
| 10. A | 28. B | 46. A | 64. A | 82. B |
| 11. B | 29. B | 47. B | 65. A | 83. B |
| 12. B | 30. A | 48. D | 66. A | 84. A |
| 13. D | 31. A | 49. B | 67. A | 85. B |
| 14. B | 32. A | 50. C | 68. B | 86. A |
| 15. C | 33. A | 51. A | 69. A | 87. B |
| 16. B | 34. A | 52. B | 70. A | 88. B |
| 17. A | 35. B | 53. B | 71. B | 89. B |
| 18. A | 36. B | 54. B | 72. A | 90. A |

ASSIGNMENT SHEET 2

Calculate credit card payment options.

Name _____ Score _____

Instructions: Use an online calculator to answer the questions in the following scenarios. Online calculators are available at the following websites:

You Will Need

- Pen or pencil
- Computer with Internet access

- www.bankrate.com/brm/calc/creditcardpay.asp
- www.bankrate.com/brm/calc/minpayment.asp
- www.ditech.com/calculators/creditcard.html

Scenario 1: You have a \$3000 balance on your credit card and you have an introductory interest rate of 2.9%. You would like to pay off the balance before the rate goes up, but you only have 12 months.

1. How much would you have to pay every month to pay off the balance in 12 months?

Scenario 2: Your credit card balance is \$4500 and your interest rate is 9%. The minimum payment is 4% of the total balance.

2. What is the minimum payment?

3. If you paid this amount every month, how many months would it take to pay off the balance?

4. How much interest would you pay?

UNIT 3 USING CREDIT WISELY 31

BASIC SKILLS



CRITICAL THINKING



MATHEMATICS

For general instructions for all Assignment Sheets, refer to the Upfront Material at the beginning of this book.

Answers:

Answers may vary slightly depending on the calculator used, but should be close to the following:

1. \$253.94
2. \$180
3. 28 months (Students who interpret this to mean they would make the minimum payment every month, rather than paying a flat \$180/month, will get an answer of 103 months).
4. \$502.12 (Students who interpret this to mean they would make the minimum payment every month, rather than paying a flat \$180/month, will get an answer of \$993.78).
5. 18 months
6. \$313.30
7. 13 months
8. \$348.36

ASSIGNMENT SHEET 5

Evaluate a credit situation.

Name _____ Score _____

Financial experts recommend that people limit the amount of money they borrow to 20 percent of **annual** take-home (net) pay. The experts also recommend credit spending to be limited to 10 percent or less of **monthly** take-home pay.

Instructions: Read the following situation, and answer the questions to evaluate Spencer's use of credit.

You Will Need

- Pen or pencil
- Calculator

Spencer's Situation

Spencer really wants a different car. He's been embarrassed long enough by his grandmother's "cranberry cart," as his friends call it. He has \$750 for a down payment, and payments on the used car he is considering will be \$200.88 per month. He'll also have insurance to take care of. He wants to take flight training; that will cost him \$1,450 and the school requires a minimum of \$145 a month. He knows his work hours may be limited. The job he has now as a senior pays \$6.35 an hour, but in three weeks he will graduate and can work 40 hours a week and bring home \$812.80 or change jobs. His mom has agreed to co-sign for him, and, even though he'd like to live on his own, he plans to live at home awhile longer.

Evaluation

1. According to the 20 percent rule, how much total annual take-home income can Spencer afford to spend on credit? Show your work.

Answer: _____

UNIT 3 USING CREDIT WISELY 39

BASIC SKILLS



CRITICAL
THINKING



MATHEMATICS

For general instructions for all Assignment Sheets, refer to the Upfront Material at the beginning of this book.

Answers:

1. \$1950.72 per year
2. \$81.28 per month
3. \$345.88
4. 43%
5. Graduation expenses, car insurance and upkeep, other flight school expenses
6. Shop for loan for training if \$145 includes high interest; keep "what ifs" surrounding job in mind, especially work hours interfering with school
7. Answers will vary. Students may forget about utility deposits and electronic communications expenses.
8. Answers will vary. Moving out on his own would not be an option for Spencer if additional training is his goal. Answers regarding car purchase will vary, from total approval of car purchase to using grandmother's car until he has completed flight school training.

Unit 3

WRITTEN TEST ANSWERS

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. B | 17. A | 33. A | 49. C | 65. B |
| 2. C | 18. A | 34. D | 50. B | 66. B |
| 3. A | 19. B | 35. A | 51. A | 67. A |
| 4. A | 20. B | 36. A | 52. A | 68. D |
| 5. C | 21. A | 37. B | 53. A | 69. A |
| 6. B | 22. B | 38. A | 54. B | 70. D |
| 7. C | 23. B | 39. A | 55. A | 71. B |
| 8. B | 24. B | 40. B | 56. B | 72. D |
| 9. C | 25. A | 41. B | 57. B | 73. A |
| 10. B | 26. A | 42. C | 58. A | 74. C |
| 11. D | 27. A | 43. D | 59. A | 75. B |
| 12. B | 28. A | 44. D | 60. B | 76. B |
| 13. A | 29. C | 45. C | 61. B | 77. B |
| 14. A | 30. C | 46. A | 62. B | 78. A |
| 15. B | 31. C | 47. A | 63. A | 79. A |
| 16. A | 32. B | 48. B | 64. A | |

ASSIGNMENT SHEET 2

Locate information on a pay stub.

Name _____ Score _____

A pay stub accompanies your paycheck. The pay stub shows how much money you earned during a pay period and how much in taxes (involuntary deductions) and voluntary deductions (such as health and life insurance) are taken out of those wages. Employees normally receive paychecks and the accompanying pay stubs weekly, biweekly (every two weeks), semimonthly (twice a month), or monthly. Items normally found on a pay stub include the employee's name, employee's number (usually the social security number), hours worked, job title, voluntary deductions, method of payment, gross earnings, FICA (Social Security tax), federal withholding (money withheld for federal income tax payment), and net pay. A *wage* is paid on an hourly, a daily, or some other basis; a *salary* is a fixed amount usually paid each month. A *fee* is a set amount charged on a contract for a professional service. A *commission* is money paid based on how much of an item or a service is sold.

Other compensation (types of income) and deductions may also be found on a pay stub. For example, some states assess a state income tax. In these states, an employee will have state income tax withheld from his or her paycheck. Depending on his or her circumstances, an employee may have voluntary deductions taken out, too. For example, many people have health insurance, life insurance, and some form of savings deducted from their wages. These deductions would appear on the pay stub.

Instructions: Refer to the sample pay stub for Tina who has worked about two months to answer the following questions.

You Will Need
• Pen or pencil

1. What is the name of the employee?

2. What is the name of the employer?

UNIT 4 UNDERSTANDING TAXES AND INSURANCE 23

BASIC SKILLS



CRITICAL
THINKING



MATHEMATICS

For general instructions for all Assignment Sheets, refer to the Upfront Material at the beginning of this book.

Answers:

1. Tina L. Rogers
2. Big Tree Logging Corporation
3. Two weeks (10 working days)
4. 90
5. \$10.00
6. \$15.00
7. \$950.00
8. Federal tax = \$110.00
State tax = \$43.54
FICA tax = \$58.90
Medicare tax = \$13.78
9. \$226.22
10. Health insurance = \$25.75
Life insurance = \$25.00
11. \$50.75
12. \$673.03
13. Year to Date

ASSIGNMENT SHEET 3

Locate information on a W-2 Form.

Name _____ Score _____

The W-2 Form is also called the *Wage and Tax Statement*. At the end of each year, an employer completes and sends a W-2 Form to the IRS and each employee. The W-2 Form is used as a yearly record showing an employee's gross income, the total amount of federal income tax withheld, and the total amount of social security tax deducted. Depending on the person's job and job location, other deductions may also be included on the W-2 Form.

Federal law requires that you receive a W-2 Form for each job you had during the year. You should receive your W-2 Form(s) by January 31 of the following year.

Use the boxes of information on each W-2 Form to help you complete a federal income tax return. You must then attach one copy (called Copy B) of each W-2 Form you receive to the federal income tax return that you file. Because the W-2 Form contains important information about wages and taxes, you should make sure the information on the W-2 Form is correct. You can double-check the W-2 Form by comparing it with your pay stubs for the year. Any mistakes on the W-2 Form should be reported immediately to your employer.

Instructions: At the web site listed, click on "Forms and Publications by Number." Look for the W-2 Form in the listing. Refer to the W-2 Form to answer the following questions:

You Will Need

- Pen or pencil
- W-2 Forms <www.irs.gov/formspubs/index.html>

1. Who completes this form?

2. Who receives copies of this form?

UNIT 4 UNDERSTANDING TAXES AND INSURANCE 27

BASIC SKILLS



CRITICAL THINKING



TECHNOLOGY



MATHEMATICS

For general instructions for all Assignment Sheets, refer to the Upfront Material at the beginning of this book.

Answers:

1. IRS
2. IRS, employee
3. C
4. E and F
5. Employee's Social Security number
6. 1
7. Federal income tax withheld
8. 4
9. One from for each job they held during the year; they will receive four copies of the form from each employer
10. Attach to federal income tax return

ASSIGNMENT SHEET 5

Analyze insurance situations.

Name _____ Score _____

Insurance helps people live with risks. To help cover the losses associated with these risks, people may buy auto, health/disability, liability, life, and renters/homeowner's insurance.

Instructions: Determine the type of insurance needed in each situation. Write the correct letters in the blanks.

You Will Need
• Pen or pencil

- A. Auto
- B. Health/Disability
- C. Life
- D. Liability
- E. Renter's/Homeowner's

- _____ 1. Alta has just graduated from high school. She is planning to move from her parents' home into an apartment and attend a nearby technology center.
- _____ 2. Al and Carrie are a young married couple who have just had twins, a baby girl and boy. The parents want to be sure their children are financially secure.
- _____ 3. Lenora has a friend who skydives. She thinks she might like to try the sport. Two types of insurance could apply to Situation 3. Select one.
- _____ 4. Merle plans to try out for the high school soccer team.
- _____ 5. Penny's older sister Wanda, an auto service technician, says she will help Penny shop for a used car if Penny passes her upcoming driver's license test.

UNIT 4 UNDERSTANDING TAXES AND INSURANCE 33

BASIC SKILLS



CRITICAL
THINKING

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Answers:

1. E
2. C
3. B/C
4. B
5. A
6. D
7. B/C
8. D
9. A
10. E