

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. How are other needs different from basic needs? Besides food, clothing, shelter, and medical care, what are some other needs?
2. How are wants different from needs? What are some wants that you have?
3. How do financial resources limit a person's spending choices?
4. What are assets? What are liabilities?
5. How is a person's net worth calculated?
6. What is a trade-off? What is an opportunity cost?
7. Briefly list five steps to follow when making a financial decision.
8. You have given careful thought to buying either a laptop or a tablet. You decide to buy the tablet. What is your opportunity cost?
9. List some strategies you can use to make good financial choices.

**EXCEL PROBLEMS**

Use Excel to solve the problems below and email the spreadsheet as an attachment.
MAKE SURE TO USE FORMULAS IN YOUR WORK!
(don't just type the answers)

Personal Financial Statements

Identifying the income, expenses, assets, and liabilities you have now is a good place to begin planning for your financial future. In this activity, you will create a personal income and expense statement and find your net worth or net loss for one month. You will also create a personal balance sheet and determine your net worth.

1. Review the personal income and expense statement shown earlier in this chapter. Create a similar document using your information. Use spreadsheet software to create the statement.
2. List all your income—money you receive from any source during one month.
3. List all your expenses—money you pay for goods and services during the same month.
4. Find the total of your income and the total of your expenses. Subtract the two total amounts to find your net income or net loss.
5. Review the personal balance sheet shown earlier in this chapter. Create a similar document using your information. Use spreadsheet software to create the balance sheet.
6. List all your assets—money you have or things of value you own.
7. List all your liabilities—money you owe that must be repaid.
8. Subtract your liabilities from your assets to find your net worth. Note that if your liabilities are larger than your assets, you will have a negative net worth.