

THINK CRITICALLY

1. Describe the five steps of the personal financial process.

 2. Explain five main areas of personal financial decisions.

 3. The first step of the personal financial planning process is to: _____
 - a. create an action plan
 - b. review your progress
 - c. determine your current situation
 - d. set financial goals

 4. Buying insurance is a method of _____
 - a. obtaining financial resources
 - b. managing financial risk
 - c. borrowing
 - d. planning investment decisions

 5. Opportunity cost is sometimes called _____
 - a. a trade-off
 - b. a personal financial goal
 - c. risk management
 - d. all of the above

 6. Increased savings will likely cause _____ to rise.
 - a. interest rates
 - b. borrowing
 - c. inflation
 - d. exports

 7. True or False? A financial plan serves the same purpose as a budget. _____

 8. True or False? Diversification refers to owning a variety of investments. _____
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TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

9. Create a list of personal financial goals that a person or family might want to achieve. Discuss in your team which ones could be achieved in a year or two, and which ones would take longer.