

Assessment 1: BASIC MONEY MANAGEMENT

	<i>Time Value of Money: Time Is Money!</i>	<i>Sources of Income</i>	<i>Functions of Money</i>	<i>Needs and Wants</i>
100 points	<p>True or False: Before the existence of paper and coin money, people were not buying and selling things.</p> <p><u>Expected answer:</u> False 100</p>	<p>Name two sources of personal income.</p> <p><u>Expected answer:</u> <i>Wages from work.</i> Interest and dividends from savings or investments. Family allowances. 100</p>	<p>Two things money helps you do.</p> <p><u>Expected answer:</u> Buy things you need. Make payments such as debt, and salaries to workers, etc. 100</p>	<p>What are needs? Give two examples.</p> <p><u>Expected answer:</u> Things you can't live without, which are necessary for one's survival. Water and food. 100</p>
200 points	<p>What is interest?</p> <p><u>Expected answer:</u> The amount of money the lender charges the borrower in addition to the original amount borrowed. The amount depends on the rate, the duration of the loan, and the original amount borrowed. 200</p>	<p>What are the two forms of income people can receive?</p> <p><u>Expected answer:</u> Monetary forms (money) and non-monetary forms (goods and services). 200</p>	<p>True or false: Money can buy a person's feelings and rights?</p> <p><u>Expected answer:</u> False 200</p>	<p>What are wants? Give two examples.</p> <p><u>Expected answer:</u> Things that one would like, but can do without (e.g., designer clothes, soda). 200</p>
300 points	<p>Give one consequence of receiving the same amount of money in a year as you would have received today?</p> <p><u>Expected answer:</u> You do not have access to the</p>	<p>What is the difference between gross income and net income?</p> <p><u>Expected answer:</u> Net income is gross income minus deductions and taxes.</p>	<p>Besides buying things, give two things money helps you do.</p> <p><u>Expected answer:</u> Repay debt Pay someone for a service that I need (e.g., a mechanic to fix my</p>	<p>True or False: To reduce my total spending, I start by reducing my needs. Why?</p> <p><u>Expected answer:</u> False. Needs are more important than wants.</p>



money, so you can't do things that you would have done today, if you had the money (opportunity cost).

300

Net income is the money available that I can use.

300

bicycle).

Keep a savings account.

300

300

400 points

You borrow 10 U.S. dollars from a friend with an interest rate of 10 percent per month. How much will you have to pay your friend back after one month?

Expected Answer:

Amount borrowed: \$10

Interest: $\$10 \times 10/100 = \1

Amount to pay back = \$11

400

Mani works 40 hours a week for an hourly rate of 7.50 U.S. dollars. After two weeks, he earns 600 U.S. dollars before taxes and deductions. Is the 600 U.S. dollars gross or net income? Expected answer:

Gross income

400

Give two reasons chocolates cannot be considered money.

Expected answers:

Can't be used to buy things or pay for services.

Can't be saved to be used in the future – to pay for things. They are perishable (they go bad).

400

Explain one way of setting spending priorities.

Expected answer:

Separate your needs from your wants.

Rank needs by order of importance by asking the question, "If I don't buy or pay, what will happen?"

Determine the cost of each expense.

400

