

## Answer Key for Guided Notes/ Lecture

- I. **Reading – “What Does Your Disorganization Say About You?”**  
Answers from students will vary; please read article before assigning in class
  
- II. **Reading - Reading – “Four Elements Define Well-Being”**
  - A) Feeling in control
  - B) Capacity to absorb a financial shock
  - C) On track to meet goals
  - D) Flexibility to make choices
  
- III. Answers will vary on what students “think” they should keep as financial records. Ask students to share choices.  
**Paper Documents to Keep and How Long:** <http://www.bankrate.com/finance/personal-finance/how-long-to-keep-financial-records.aspx>
  - a. Bank Statements - at least 1 Year.
  - b. Bills received in mail - at least 1 year (keep those that have longer influence such as bills/receipts for home improvements to help with taxes should you elect to sell home.
  - c. Taxes – Tax returns you should keep for 7 years
  - d. Retirement Accounts – Keep quarterly reports, shred monthly statements  
Keep annual statements until you retire and/or begin withdrawals from accounts
  - e. Brokerage Statements of Investments – Keep permanently for tax records and for purposes of selling later on
  - f. Paycheck Stubs – at least 1 year
  - g. Credit Card Statements/Receipts - From 45 Days to 7 Years
  - h. Home/Condo/Townhome Purchase – Keep records of purchase price/sales contract for at least 6 years+ to show real estate taxes paid, improvements, commission paid to realtor, etc...
  
- IV. Fill in the Blanks  
SoFP (Statement of Financial Position) will tell you **what your net worth is on a given day**  
**Formula is Assets minus Liabilities = Net Worth**  
Income and Expense Sheets **will help you look backwards**  
**see where your money is coming from and how/where you spent it.**  
A Spending Plan is also known as a **Budget**  
This financial document will help you **look forward and set goals for your money**  
**make a plan of how to spend/allocate your money**  
An asset is **an item of monetary value a person or household owns**  
A monetary asset is **an asset that can be quickly and easily converted into cash**  
A tangible asset is **personal property that was purchased to create a lifestyle or improve your life**  
An investment asset is **a financial asset purchased with the hope that it will generate income and appreciate in value to make it possible to sell at a higher price in the future**  
What is a liability? **A debt or obligation owed to others**  
What is Net Worth? **A measure of financial wealth and indicates the monetary value of all possessions that a person or household owns, minus the total amounts owed to others**

This SoFP is for:	Name ( <b>Carrie N</b> )	<b>Scenario: Add in Values on SoFP</b>
Date SoFP is created	Date <b>Current</b>	
<b>Assets</b>		<p>Carrie N. Today's Date She is a 33 year old nurse who lives alone in a home she bought 3 years ago and today the market value is \$141,000. She always carries a \$20 bill in her purse at all times for any emergencies and currently has \$242.00 in her checking &amp; savings. She has a 4 year old Nissan Altima valued at \$10,500 and owes \$8,266 on her loan. She has a Smart Phone valued at \$200, furnishings of \$1,500 and has a laptop computer valued at \$500. She wears a nurse's uniform to work most days, so her wardrobe is limited but she still figures it is worth \$1,500. Carrie S has started a Roth IRA that she says is worth \$4,600. She owes \$138,900 on her house. Her student loan is paid off (Whoo Hoo!) but she owes \$6,712 on her credit cards.</p> <p><b>What is Carrie's Net Worth?</b></p>
Monetary Assets		
Cash on Hand	\$ <b>20.00</b>	
Value in Checking & Savings	\$ <b>242.00</b>	
<b>Subtotal of Monetary Assets</b>	\$ <b>262.00</b>	
Tangible Assets		
Market Value of Assets	\$ <b>141,000.00</b>	
Market Value of Household Items	\$ <b>1,500.00</b>	
Market Value of Auto	\$ <b>10,500.00</b>	
Market Value of Electronics	\$ <b>700.00</b>	
Market Value of Clothing	\$ <b>1,500.00</b>	
<b>Subtotal of Tangible Assets</b>	\$ <b>155,200.00</b>	
Value of Investment Assets	\$ <b>4,600.00</b>	
<b>Total of All Assets</b>	\$ <b>160,062.00</b>	
<b>Liabilities</b>		
Home Mortgage Balance	\$ <b>138,900.00</b>	
Installment Loan Balance on Car	\$ <b>8,266.00</b>	
Student Loan Balance	\$ <b>0.00</b>	
Credit Card Balance(s)	\$ <b>6,712.00</b>	
Money Owed to Others	\$ <b>0.00</b>	
<b>Total of All Liabilities</b>	\$ <b>153,878.00</b>	
<b>Net Worth = Assets – Liabilities</b>	\$ <b>6,184.00</b>	

**How can someone increase their Net Worth?** Reduce debts and increase assets

\*Ask students if they think Carrie N's net worth will increase over time? Why? Building assets, paying down debt on home will increase tangible assets, Roth IRA will grow interest