

Foundations 110

Assignment – Financial Math

Use any resources available to you (research on google, call banks, etc) to answer the following questions.

1. Why would you want to have two different bank accounts?
2. Explain what is meant by equity
3. Give an example of an asset that would appreciate in value
4. Give an example of an asset that would depreciate in value
5. What benefit is there in renting your first home rather than buying it? ( 3-4 benefits)
6. Explain some things you can do to build your credit so that one day you might be able to borrow money.
7. Why is it not a good idea to finance (borrow money) to purchase technology?
8. Why should a person get in the habit of “paying yourself first”?
9. Why is it important to make a budget and stick with it?
10. Do you have a budget?
11. When investing money, at what age range would you more likely invest at a higher risk?  
At what age range would you invest with a lower risk? Explain
12. Why do more people invest in mutual funds these days instead of stocks?
13. If you invest \$500 at 3% interest, use the rule of 72 to approximate how long it would take your money to double in value.
14. If you invest \$200 at 6% interest, use the rule of 72 to approximate how long it would take your money to double in value.
15. Is it better to invest a small amount of money at 23 years old or a larger amount of money at 35?  
Explain?