

***Solution Manual for Personal Finance 12th Edition Garman  
Forgue 1133595839 9781133595830***

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**ANSWERS TO CHAPTER CONCEPT CHECKS**

**LO2.1**

1. A job is a position of employment. A career is much broader a series of jobs in a progression of advancement with increases in skills, responsibilities, and prestige.
2. It is impossible to do all things that might be desirable related to your career and balance your personal life, too. Thus, you must assess your values and emphasize those efforts that are most important to you and trade off those of higher importance for those of lesser importance.
3. It is important to take advantage of opportunities such as internships, volunteer opportunities, networking in professional associations, and getting the most you can out of your college courses.

**LO2.2**

1. Income increases both with education level and with age. In addition, those workers with more education find that their highest income years occur later in their careers and see their incomes stay high longer into their working years.
2. One method is to place a market value on a benefit by determining how much the worker would have to pay to obtain the benefit on their own. A second method is to calculate the future value of employee benefits. This technique fits well for such benefits as a retirement plan or reimbursement for the costs of additional education.
3. One career advancement tip would be to volunteer for new assignments. This would show your employer that you are willing to put your own job on the line for the good of

the employer. A second tip would be to attend professional meetings and conferences in your field. This would show an employer that you are interested in learning as much as possible about your field and be a good ambassador for your employer. A third tip would

be to take advanced college courses and/or complete a graduate degree. This would not only benefit your current employer but would also position you for promotions or better jobs with another employer.

### LO2.3

1. Résumés should be developed according to one of three formats (chronological, skills, or functional) according to your assessment of the desires of prospective employers. Use key words from the job description in your résumé so that they can be picked up by a computer scan. A cover letter introduces you to a prospective employer. Whereas you might be able to send one résumé, to many different employers, each cover letter should be uniquely developed to fit the job description. It should be designed to “sell” you to the employer and obtain an interview. The purpose of a cover letter is to introduce you to a prospective employer. Whereas, a résumé can be same for multiple employers, a cover letter should be developed uniquely for each prospective employer.
2. Salary offers in different cities must be adjusted to reflect the relative living costs in those cities. Several websites are available to provide indexes of the cost of living. To compare City 1 to City 2, multiply the City 1 salary times the result of dividing the index for City 2 by the index for City 1. If the result is higher than City 2, then City 1 has the better adjusted salary.
3. Ways to learn of job opportunities include attendance at career fairs, classified ads in the newspaper or trade publications, using an employment agency, and searching the Internet.
4. The wording of student answers will vary. The essence should be to do research before the interview, compile personal stories that speak to skills and abilities, be prepared to ask questions, prepare responses to anticipated interviewer questions, and create positive responses to negative questions.

### WHAT DO YOU RECOMMEND NOW?

1. Nicole might make two lists to clarify her thinking. (1) Her top five list of values and (2) the lifestyle options that are most important.
2. Nicole could have a discussion with her academic adviser seeking suggestions for her to obtain additional opportunities for career-related experiences before graduation.
3. To begin the process of creating her career plans and goals, Nicole could review the occupations in Table 2.1 on page 42, identify some careers of interest, communicate with friends who graduated in previous years about their jobs and avocations, and generally do some thinking about how an avocation might be related to a future career path.
4. Fill out the work-style personality worksheet.

5. To identify job opportunities, Nicole might review the occupations in Table 2.1 on page 42 as well as search for useful information using careers fairs, classified advertisements, employment agencies, and the Internet.

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### LET'S TALK ABOUT IT

1. During sluggish economic times employers will want to make especially sure that a new hire will be a successful addition to the team. To beat the other applicants for the job you must communicate that you are genuinely interested in the job and want to move up the ladder at the company. Also let them know that you are a person with a positive attitude and a team player. Demonstrate that you have a thorough knowledge of the company and the challenges it is facing as well as that the skills you have that can help the company meet those challenges.
2. Common interview mistakes include not knowing enough about the prospective employing organization, being unprepared to sell yourself through your abilities, skills and experience, not having clear career plans and goals, a lack of enthusiasm and not making eye contact. Ten things people could do to enhance interview success include (1) researching the company history, (2) knowing its profitability and place among its competitors, (3) being able to ask the interviewer questions, (4) telling specific stories that illustrate your abilities and experiences, (5) being able to identify your strengths, (6) being able to tell about a particularly difficult problem on a previous job and how you handled it, (7) acknowledging weaknesses but explaining how you have taken steps to overcome them, (8) making a good positive impression with a firm handshake and confident tone of voice, (9) practicing your interview skills in advance, and, finally, (10) sending a warm thank-you note after the interview. You also want to display enthusiasm and look the interviewers in the eye.
3. Three trade-offs include urban/rural setting, near/far from relatives, and warm/cold climate. For the first you will likely have higher transportation costs for fuel if you live in the country but perhaps lower costs for parking and insurance. Psychic and life style trade-offs will depend on whether you prefer open spaces and natural surroundings or the hustle and bustle and richness of city life. For the second the economic aspects might relate to travel to family events. Psychic and life style trade-offs will depend upon the size and closeness of your family relationships. For the third, the economic trade-offs will include the cost of appropriate clothing and heating and cooling costs. Lifestyle tradeoffs will depend on your preference for leisure and physical recreation options specific to each climate.
4. The five that are most difficult to accomplish will vary from student to student. While the question asks for the five that are the most difficult for people in general, the students will likely be revealing what they feel are the most difficult when they make their

selections. Having them offer suggestions provides a way for them to begin their own selfimprovement.

5. This is a potential “*Do It In Class*” exercise related to page 46 in the text.  
The most obvious benefits of a second income is the salary and employee benefits that the second worker receives. But these are offset by taxes, additional transportation and commuting costs, work related meals, clothing and other expenses.

### DO THE MATH

1. This is a potential “*Do It In Class*” exercise related to page 19 in the text.
  - a. The forgone lost future value of the \$15,000 is \$154,285 ( $\$15,000 \times 10.2857$ ).
  - b. The forgone lost future value of the \$60,000 is \$617,142 ( $\$60,000 \times 10.2857$ ).
2. This is a potential “*Do It In Class*” exercise related to page 57 in the text.  
 $\$50,000 \times (114 \div 132) = \$43,182$ . Thus, the Chicago salary as adjusted falls below the San Antonio salary and the San Antonio salary is the better offer.
3. This is a potential “*Do It In Class*” exercise related to page 19 in the text. The employer match in 20 years would be \$2629 ( $\$1200 \times 2.1911$ ).
4. This is a potential “*Do It In Class*” exercise related to page 19 in the text.  
Her \$30,000 would grow to \$228,369 ( $\$30,000 \times 7.6123$ ) if she left the money in the plan.

### FINANCIAL PLANNING CASES

#### CASE 1: Harry and Belinda Johnson Consider Inflation and Children

- a. \$2232.30 ( $\$3000 \times 0.7441$ )
- b. \$117,207 ( $\$5000 \times 23.4414$ )

#### CASE 2: Victor and Maria Hernandez Consider A Career Change

- c. \$77,662 ( $\$43,000 \times 1.8061$ )
- d. \$132,264 ( $\$4000 \times 33.0660$ )

#### CASE 3: Julia Price’s Career Plans Change

Julia is wise not to prematurely rule out the career change. The new job will be challenging but it will also allow Julia to broaden her experience. The days of being able to work the same job and maintain a direct career path from graduation through to retirement are long gone. Taking the time to see what comes of the new job will provide Julia with the perspective to reevaluate the change in one year.

#### CASE 4: Matching Yourself with a Job

- e. A review of the work-style personality worksheet, particularly with the help of a career adviser, might show Jimmy that those well suited for a career in sales would

mark as “very important” factors such as material gain, achievement and recognition, public contact, group membership, and helping others.

- f. In addition to filling out the work-style personality worksheet to see if he rates key sales-related factors highly, Jimmy also could interview people who are currently employed in sales, make a list of his abilities and experiences, list his most important values, visit the career center on his college campus, and take an interest inventory.
- g. Jimmy could begin by aligning himself with tomorrow’s employment trends in the field of sales, and then take steps to network with people who might help him secure

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a position. It also would be smart for him to research certain employers and target those of most interest.

### Case 5. Career Promotion Opportunity

This is a potential “*Do It In Class*” exercise related to page 57 in the text.

- a. Nina and Ting are dual-earner households, and such couples are especially challenged when one person’s career opportunity conflicts with the other person’s. Nina might suggest that the two of them take 30 minutes to have an initial discussion of her forthcoming career opportunity and what it might mean to their family. Being honest and respecting the feelings and opinions of the other person. Subsequent planned conversations to review the pluses and minuses of the opportunity will help.
- b. This would be a good time for them to reexamine their values and the costs and benefits and lifestyle trade-offs of moving to St. Louis.

## ACTION INVOLVMENT PROJECTS

1. Students should prepare a summary of the interview with a human resource manager with responses to the questions listed in this exercise. Students should also provide contact information about the manager and his/her business card.
2. This is a potential “*Do It In Class*” exercise related to page 13 in the text.  
The résumé should be in one of the styles described in the text and conform to standard requirements for grammar, spelling and clarity.
3. This is a potential “*Do It In Class*” exercise related to page 13 in the text.  
The cover letter should address the specifics of the job listing for which the student has developed the letter.

4. This is a potential “*Do It In Class*” exercise related to page 13 in the text.  
Student responses should address the cost of housing, quality of life issues, quality of schools and moving costs for the five cities chosen.
5. This is a potential “*Do It In Class*” exercise related to page 13 in the text. Student responses will vary.
6. This is a potential “*Do It In Class*” exercise related to page 13 in the text. Student responses will vary.
7. This is a potential “*Do It In Class*” exercise related to page 13 in the text. Student responses will vary.