

**Test Bank for Personal Finance 1st Edition Walker 0073530654
9780073530659**

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Multiple Choice Questions

1. A simple, stress-free lifestyle in which consumption, materialism, and wealth accumulation are minimized is:
 - A. Personal values
 - B. Voluntary simplicity
 - C. Financial plan
 - D. 90-10 rule

2. The rule for allocating your money that takes into account community responsibility and retirement is called the _____ rule.
- A. 90-5-5
 - B. 82-8-10
 - C. 60-20-20
 - D. 80-10-10
3. This is a combination of your values, how you were raised, and your parent's traits.
- A. Voluntary simplicity
 - B. Money personality
 - C. Frugal
 - D. Personal values
4. Which of the following plans is not incorporated in a financial plan?
- A. Budget plan
 - B. Investment plan
 - C. Estate plan
 - D. Education plan

5. To be frugal includes all of the following except
- A. Being resourceful when satisfying your need for goods and services
 - B. Buying all of the things you want
 - C. Using already owned items
 - D. Practicing restraint in how you consume goods and services
6. All of the following are examples of being frugal except:
- A. Using coupons
 - B. Spending 100% of your paycheck
 - C. Considering needed items found in the classified ad section of the newspaper
 - D. Buying items you need of value
7. Money personality is:
- A. The point at which spending more money has a diminishing rate of fulfillment
 - B. Sufficient means to support oneself
 - C. Your style and habits of money management
 - D. Income from your investments

8. Which is not an example of being frugal?

- A. Buying a used car
- B. Hiring someone to paint your living room
- C. Buying the things you need
- D. All of these

9. What rule(s) is (are) a good way to allocate your money?

- A. 80-10-10 rule
- B. 90-10 rule
- C. 70-30 rule
- D. Both 80-10-10 or 90-10 are good ways to allocate money

10. What is voluntary simplicity?

- A. Volunteering your time and money to help a great cause
- B. A high-stress, complicated lifestyle in which consumption and materialism are increased
- C. Being resourceful when fulfilling your need for goods and services, using already owned items, and doing it yourself
- D. A simple, low-stress lifestyle where consumption and materialism are minimized

11. Being frugal means:

- A. To be very tight with money
- B. To spend money carelessly
- C. To be resourceful when fulfilling your need for goods and services
- D. Shopping to improve your mood

12. What is the best definition for "frugal"?

- A. To spend money efficiently and effectively
- B. To spend little money
- C. To spend money on cheap things
- D. To always buy the least expensive item

13. What best describes voluntary simplicity?

- A. High-stress lifestyle
- B. Complex lifestyle
- C. Increased consumption and clutter
- D. Simple, stress-free lifestyle

14. The 80-10-10 rule requires that you:

- A. Save 80% of your income, give away 10%, and live on 10%
- B. Live on 80% of your income, save 10%, and give away 10%
- C. Give away 80% of your income, put 10% in savings, and live on 10%
- D. Live on 80% of your income, save 10%, and invest 10%

15. What term would you use to describe a person who avoids waste and is resourceful when fulfilling his or her needs for goods and services?

- A. Voluntary simplicity
- B. Frugal
- C. Money personality
- D. Personal financial success

16. Rebecca has a \$400 paycheck. She wants to use the 90-10 rule. How much must she save to achieve this?

- A. \$340
- B. \$40
- C. \$360
- D. \$50

17. Who determines whether you have personal financial success?

- A. Wall Street
- B. Government
- C. Society
- D. Yourself

18. How is the 80-10-10 rule divided?

- A. Save 80%, live on 10%, give away 10%
- B. Give away 80%, save 10%, live on 10%
- C. Live on 80%, save 10%, invest 10%
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19. What is the first step in setting the foundation for your financial plan?

- A. Understanding your values and goals
- B. Understanding your current relationship with money
- C. Identifying your current relationship with money
- D. Establishing your mission statement

20. To understand why you do what you do with money, you need to uncover your _____.

- A. Habits
- B. Relationship with money
- C. Style
- D. Money personality

21. Voluntary simplicity is a simple lifestyle in which both _____ and materialism are minimized.

- A. Consumption
- B. Saving
- C. Being frugal
- D. Spending

22. An Example of "passive income" is:

- A. Income received from your investments
- B. Income received from your part-time job, where you do nothing
- C. Money received from an inheritance
- D. Lottery winnings

23. Which of the following is not a characteristic of the empty nest life stage?

- A. Saving for your children's future college education
- B. Beginning to plan for retirement
- C. Making more money than ever before
- D. Investing more money in conservative investments

24. Money you receive from your investments and savings is called:

- A. Passive income
- B. Retirement plan (401k)
- C. Frugal
- D. Paycheck

25. There are 5 stages that make up a person's personal finance life stages. In which stage would a person start a 401(k) or retirement plan?

- A. Dependent life stage
- B. Independent life stage
- C. Early family life stage
- D. Empty nest life stage
- E. Retirement life stage

26. Many people want to achieve the goal of financial independence, which is:

- A. When unearned income exceeds passive income
- B. When needs exceed income
- C. When expenditures exceed passive income
- D. When passive income exceeds expenditures

27. The definition of passive income is:

- A. Income received from one's investments and savings
- B. Sufficient means to support oneself
- C. Income received on a regular basis with little effort required to maintain it
- D. Income received after putting in overtime

28. How can you obtain passive income (non-earned income)?

- A. Stock dividends
- B. Interest from bank investments
- C. Rental properties
- D. All of these

29. Which is not a personal finance life stage?

- A. Age < 18
- B. Age 16-24
- C. Age > 65
- D. Age 41-65

30. What characteristics describe the empty nest life stage?

- A. You are ready to retire.
- B. You no longer work full time.
- C. Your children are no longer dependent on your income.
- D. You've reached financial independence.

31. During which life stage is a person likely to earn the greatest amount of money?

- A. Retirement life stage
- B. Empty nest life stage
- C. Independent life stage
- D. Early family life stage

32. What is financial independence?

- A. When passive income exceeds expenditures
- B. When you don't live with your parents
- C. When you get a job
- D. When you have \$1 million in retirement savings

33. Passive income is money you receive from:

- A. Investments and savings
- B. Salaries
- C. Tips and wages
- D. All of these

34. If Joe has monthly expenses of \$600 rent, \$100 insurance, \$300 food and entertainment, and \$100 miscellaneous repairs, what will his income need to be (per month) in order for him to become financially independent?

- A. \$1,500
- B. \$2,000
- C. \$1,350
- D. \$1,100

35. At what personal finance life stage should a person start a Roth IRA?

- A. Independent
- B. Empty nest
- C. Early family
- D. Dependent

36. Brandon wants to purchase new furniture for his home but does not want his purchases to put him into debt. Brandon loves being social and has a talent for bartending, so he decides to take a second job bartending at night. He plans to save the money he receives from tips to purchase his new furniture. Brandon is:

- A. Augmenting his income
- B. Downshifting
- C. Dollar cost averaging
- D. Creating an investment account

37. In order to decrease the time you need to acquire passive income you can _____ expenses.

- A. Decrease
- B. Maintain
- C. Increase
- D. Augment

38. Victoria is married and 29 years old. What life stage is she in?

- A. Dependent life Stage
- B. Empty nest life stage
- C. Independent life stage
- D. Early family life stage

39. Jamil has retired and can live without needing to ever work again. What has he reached?

- A. Financial literacy
- B. Financial independence
- C. Voluntary simplicity
- D. His personal financial plan

40. Income received from investments and savings is called

- A. Passive income
- B. Financial income
- C. Incurred income
- D. Non-earned income

41. How can you reach financial independence sooner?

- A. Lower your expenses and increase your saving or investing
- B. Increase your income and expenses
- C. Decrease your income and increase your expenses
- D. There is no way to speed up the financial independence process

42. _____ is the practice of investing or saving money at specific times regardless of market conditions or your personal finance outlook.

- A. Down shifting
- B. Financial literacy
- C. Dollar cost averaging
- D. Regular investing

43. An objective that should be attained within 1-5 years is defined as a(n):

- A. Intermediate goal
- B. Long-term goal
- C. Short-term goal
- D. Personal mission statement

44. In order to increase their probability of attainment, goals should have a specific end date. In 55 months Clare wants to have her college loans paid off, in 24 months she wants to start a family, and in 15 months she wants to take a trip to China. Which goal category is Clare pursuing?

- A. Intermediate goals
- B. Long-term goals
- C. Short-term goals
- D. Attainable goals

45. What does the S in SMART stand for?

- A. Specific
- B. Standard
- C. Superfluous
- D. Simple

46. The acronym for setting good goals is SMART. What does each of the letters in SMART stand for?

- A. Smart, Measurable, Attainable, Real, Time
- B. Specific, Measurable, Attainable, Reliable, Time
- C. Specific, Measurable, Attainable, Realistic, Time
- D. Serious, Measurable, Attainable, Reachable, Time

47. The more specific your goals are, the less likely they are to:

- A. Be thought about
- B. Not be attained
- C. Be focused on
- D. Be attained

48. A personal mission statement does not:

- A. Reflect your strengths.
- B. Reflect your passions.
- C. Reflect your stakeholders.
- D. Reflect the people around you.

49. What should your mission statement reflect?

- A. Your life goals, how to see them clearly, and how to be motivated to continue on with them
- B. Your personal financial plan
- C. Your likes and dislikes
- D. Your family's spending habits

50. Your personal mission statement should be composed of each of the following except:

- A. Dreams
- B. Stakeholders
- C. Strengths
- D. Passions

51. To make sure you have SMART goals, you must

- A. Make sure that they take a long time to achieve
- B. State a general end time
- C. State a specific end time
- D. Not worry about the time it takes to achieve them

52. What country was declared the "Happiest Place on Earth"?

- A. The United States
- B. Germany
- C. Finland
- D. Denmark

53. What do you need to create a personal mission statement?

- A. Money and family
- B. Food and a car
- C. Values and a vision of the future
- D. Morals and logic

54. Your sense of fulfillment decreases with the more money you spend after you reach _____.

- A. Old age
- B. Retirement
- C. Enough
- D. Satisfaction

55. What should not be included in your personal mission statement?

- A. Visions
- B. Weaknesses
- C. Strengths
- D. Priorities

56. SMART goals need to be

- A. Sporadic
- B. Measurable
- C. Artful
- D. Reliable
- E. Tough

57. The more specific your goals are:

- A. The more work they are.
- B. The more likely they will be achieved.
- C. The more fun they are.
- D. The less likely they will be achieved.

58. Which of the following is not reflective of a SMART goal?

- A. Specific
- B. Measurable
- C. Attainable
- D. Reasonable
- E. Timely

59. When establishing your mission, you should include all of the following except

- A. Vision
- B. Mission
- C. Long-term goal
- D. Value

60. Connie has a goal of buying a car 10 months from now. This would be classified as a(n)

- A. Intermediate goal
- B. Short-term goal
- C. Long-term goal
- D. Impulse goal

61. Which is an example of a personal mission statement?

- A. To live every day to the fullest with compassion and understanding
- B. To retire when I'm 50 and move to Florida
- C. To have a huge wedding with family and friends
- D. To buy a fancy car

62. How many years should it take to attain intermediate goals?

- A. Less than 1 year
- B. 1-5 years
- C. More than 5 years
- D. Over your lifespan

63. What are the qualities of a SMART goal?

- A. Specific, measurable, attainable, relevant, time
- B. Special, measurable, attitude, realistic, try
- C. Specific, mission, attainable, reason, time
- D. Special, mission, attitude, reason, try

64. Money only makes you happy if:

- A. There is enough to survive
- B. You use it to do good and you are responsible with it
- C. You have more than everyone else
- D. All of these

65. In which instances are you really "in control of your money"?

- A. When money is used for enjoyment
- B. When money is a grave necessity
- C. When you are shopping at the mall
- D. When it is used as a resource

66. All of the following describe being in control of your finances except

- A. Buying things you don't need
- B. Using money according to your values
- C. Not spending more than you make
- D. Seeing money as a resource

67. Your happiness is not:

- A. Dependent on your genes
- B. Dependent on your circumstances
- C. A result of intentional activity
- D. Dependent on how much money your brother makes

68. What makes up 40% of your happiness?

- A. Attitude and self-directed behavior
- B. Family and friends
- C. Paid bonuses
- D. Winning the lottery

69. How does money make you happy?

- A. You use it to do good
- B. You have enough to survive
- C. You are responsible with your money
- D. All of these

70. Which explains that you are in control of your finances?

- A. You spend more than you make and you buy whatever you want
- B. You see money as a resource, use money freely and carelessly, and spend as much as you make
- C. You see money as a resource and you buy anything you want regardless of the price
- D. You see money as a resource, use money according to values, and don't spend more than you make

71. The least likely reason to choose a career is because:

- A. It has the highest salary
- B. It matches your interests
- C. It fits your values
- D. You can pursue your passion

72. Why should you want to do a job?

- A. Because it makes you happy
- B. Because it has a big salary
- C. Because there are a lot of benefits
- D. Because you are bored

73. Who is most in control of your finances?

- A. Your mom
- B. Your boss
- C. You yourself
- D. Your spouse

74. Ways to gather information on careers and decide which career best suits your own mission statement and goals include:

- A. Researching the U.S. Bureau of Labor Statistics' Occupational Outlook Handbook
- B. Job shadowing
- C. Internships
- D. All of these

75. According to Lyubomirsky, what percent of your happiness comes from your genes?

- A. 50%
- B. 10%
- C. 40%
- D. 55.34%

76. What is the "best" career?

- A. Making lots of money
- B. Doing something you love and are passionate about
- C. Doing something you do not like
- D. Doing nothing

77. Money only makes you happy if:

- A. You have more than everyone else in your tribe
- B. You use it to do good and are responsible with it
- C. You have enough to survive
- D. All of these

78. Which of the following does the textbook say is a major factor in your happiness?

- A. Deciding when enough is enough
- B. Spending your money on things you want
- C. Only spending money on the things you need and saving the rest of it
- D. Giving your money to charity

79. Denmark, declared the "Happiest Place on Earth," is classified as a _____ society according to the text.

- A. Communist
- B. Post consumerism
- C. Consumerism
- D. Democratic

True / False Questions

80. Short-term goals are goals that can be reached within one year.

True False

81. Only you and your parents are in control of your finances.

True False

82. Once you have enough money to meet your basic needs, money is still a motivator for most people so you just have to find a good-paying job.

True False

83. Academic planning is not incorporated in financial planning.

True False

84. Being frugal means being very tight with money.

True False

85. Passive income is income received from your part-time job.

True False

86. Financial independence is when passive income exceeds expenses.

True False

87. Interest from savings and income from investments are considered passive income.

True False

88. Specific goals are less likely to be achieved.

True False

89. The most important factor in choosing a career is receiving the highest salary.

True False

90. Society is most in control of your finances.

True False

Essay Questions

91. What are the 90-10 rule and the 80-10-10 rule and which one would you choose to use and why?

92. Briefly describe the financial life stages and their differences.

93. Provide an example of a SMART long-term goal and explain why it would be classified as a SMART long-term goal.

94. Name three different ways to look for a career and make a decision. Explain how each of them would help with the decision.

95. Discuss three ways money makes a person happy.

Chapter 01 Money Matters: Values, Vision, Mission, and You **Answer Key**

Multiple Choice Questions

1. A simple, stress-free lifestyle in which consumption, materialism, and wealth accumulation are minimized is:
- A. Personal values
 - B. Voluntary simplicity**
 - C. Financial plan
 - D. 90-10 rule

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-01 Evaluate your spending and saving habits; and define what financial success means to you.
Topic: Personal Relationships with Money

2. The rule for allocating your money that takes into account community responsibility and retirement is called the _____ rule.

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4. Which of the following plans is not incorporated in a financial plan?

- A. Budget plan
- B. Investment plan
- C. Estate plan
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AACSB: Analytic
Blooms: Apply
Difficulty: 3 Hard

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- A. The point at which spending more money has a diminishing rate of fulfillment
- B. Sufficient means to support oneself
- C. Your style and habits of money management
- D. Income from your investments

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Blooms: Remember
Difficulty: 1 Easy

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9. What rule(s) is (are) a good way to allocate your money?

- A. 80-10-10 rule
- B. 90-10 rule
- C. 70-30 rule
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- C. Being resourceful when fulfilling your need for goods and services, using already owned items, and doing it yourself
- D. A simple, low-stress lifestyle where consumption and materialism are minimized

AACSB: Analytic

Blooms: Evaluate

Difficulty: 1 Easy

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- B. To spend money carelessly
- C. To be resourceful when fulfilling your need for goods and services
- D. Shopping to improve your mood

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Blooms: Analyze

Difficulty: 3 Hard

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Blooms: Understand
Difficulty: 2 Medium

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- B. Complex lifestyle
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Difficulty: 1 Easy

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- A. Understanding your values and goals
- B. Understanding your current relationship with money
- C. Identifying your current relationship with money
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Blooms: Analyze
Difficulty: 3 Hard

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- B. Saving
- C. Being frugal
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- A. Income received from your investments
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Blooms: Apply
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

23. Which of the following is not a characteristic of the empty nest life stage?

- A. Saving for your children's future college education
- B. Beginning to plan for retirement
- C. Making more money than ever before
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- B. Retirement plan (401k)
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Blooms: Understand
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

26. Many people want to achieve the goal of financial independence, which is:

- A. When unearned income exceeds passive income
- B. When needs exceed income
- C. When expenditures exceed passive income
- D. When passive income exceeds expenditures

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

27. The definition of passive income is:

- A. Income received from one's investments and savings
- B. Sufficient means to support oneself
- C. Income received on a regular basis with little effort required to maintain it
- D. Income received after putting in overtime

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

28. How can you obtain passive income (non-earned income)?

- A. Stock dividends
- B. Interest from bank investments
- C. Rental properties
- D. All of these

AACSB: Analytic
Blooms: Apply
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

29. Which is not a personal finance life stage?

- A. Age < 18
- B. Age 16-24
- C. Age > 65
- D. Age 41-65

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

30. What characteristics describe the empty nest life stage?

- A. You are ready to retire.
- B. You no longer work full time.
- C. Your children are no longer dependent on your income.
- D. You've reached financial independence.

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

31. During which life stage is a person likely to earn the greatest amount of money?

- A. Retirement life stage
- B. Empty nest life stage
- C. Independent life stage
- D. Early family life stage

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

32. What is financial independence?

- A. When passive income exceeds expenditures
- B. When you don't live with your parents
- C. When you get a job
- D. When you have \$1 million in retirement savings

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

33. Passive income is money you receive from:

- A. Investments and savings
- B. Salaries
- C. Tips and wages
- D. All of these

AACSB: Analytic
Blooms: Evaluate
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

34. If Joe has monthly expenses of \$600 rent, \$100 insurance, \$300 food and entertainment, and \$100 miscellaneous repairs, what will his income need to be (per month) in order for him to become financially independent?

- A. \$1,500
- B. \$2,000
- C. \$1,350
- D. \$1,100

AACSB: Analytic
Blooms: Apply
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

35. At what personal finance life stage should a person start a Roth IRA?

- A. Independent
- B. Empty nest
- C. Early family
- D. Dependent

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

36. Brandon wants to purchase new furniture for his home but does not want his purchases to put him into debt. Brandon loves being social and has a talent for bartending, so he decides to take a second job bartending at night. He plans to save the money he receives from tips to purchase his new furniture. Brandon is:

- A. Augmenting his income
- B. Downshifting
- C. Dollar cost averaging
- D. Creating an investment account

AACSB: Analytic
Blooms: Apply
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

37. In order to decrease the time you need to acquire passive income you can _____ expenses.

- A. Decrease
- B. Maintain
- C. Increase
- D. Augment

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.

38. Victoria is married and 29 years old. What life stage is she in?

- A. Dependent life Stage
- B. Empty nest life stage
- C. Independent life stage
- D. Early family life stage

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

39. Jamil has retired and can live without needing to ever work again. What has he reached?

- A. Financial literacy
- B. Financial independence
- C. Voluntary simplicity
- D. His personal financial plan

AACSB: Analytic
Blooms: Understand
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

40. Income received from investments and savings is called

- A. Passive income
- B. Financial income
- C. Incurred income
- D. Non-earned income

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

41. How can you reach financial independence sooner?

- A. Lower your expenses and increase your saving or investing
- B. Increase your income and expenses
- C. Decrease your income and increase your expenses
- D. There is no way to speed up the financial independence process

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

42. _____ is the practice of investing or saving money at specific times regardless of market conditions or your personal finance outlook.

- A. Down shifting
- B. Financial literacy
- C. Dollar cost averaging
- D. Regular investing

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

43. An objective that should be attained within 1-5 years is defined as a(n):

- A. Intermediate goal
- B. Long-term goal
- C. Short-term goal
- D. Personal mission statement

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

44. In order to increase their probability of attainment, goals should have a specific end date. In 55 months Clare wants to have her college loans paid off, in 24 months she wants to start a family, and in 15 months she wants to take a trip to China. Which goal category is Clare pursuing?

- A. Intermediate goals
- B. Long-term goals
- C. Short-term goals
- D. Attainable goals

AACSB: Analytic
Blooms: Apply
Difficulty: 3 Hard

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

45. What does the S in SMART stand for?

- A. Specific
- B. Standard
- C. Superfluous
- D. Simple

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

46. The acronym for setting good goals is SMART. What does each of the letters in SMART stand for?

- A. Smart, Measurable, Attainable, Real, Time
- B. Specific, Measurable, Attainable, Reliable, Time
- C. Specific, Measurable, Attainable, Realistic, Time
- D. Serious, Measurable, Attainable, Reachable, Time

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

47. The more specific your goals are, the less likely they are to:

- A. Be thought about
- B. Not be attained
- C. Be focused on
- D. Be attained

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

48. A personal mission statement does not:

- A. Reflect your strengths.
- B. Reflect your passions.
- C. Reflect your stakeholders.
- D. Reflect the people around you.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

49. What should your mission statement reflect?

- A. Your life goals, how to see them clearly, and how to be motivated to continue on with them
- B. Your personal financial plan
- C. Your likes and dislikes
- D. Your family's spending habits

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

50. Your personal mission statement should be composed of each of the following except:

- A. Dreams
- B. Stakeholders
- C. Strengths
- D. Passions

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

51. To make sure you have SMART goals, you must

- A. Make sure that they take a long time to achieve
- B. State a general end time
- C. State a specific end time
- D. Not worry about the time it takes to achieve them

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

52. What country was declared the "Happiest Place on Earth"?

- A. The United States
- B. Germany
- C. Finland
- D. Denmark

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

53. What do you need to create a personal mission statement?

- A. Money and family
- B. Food and a car
- C. Values and a vision of the future
- D. Morals and logic

AACSB: Analytic
Blooms: Evaluate
Difficulty: 3 Hard

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

54. Your sense of fulfillment decreases with the more money you spend after you reach _____.

- A. Old age
- B. Retirement
- C. Enough
- D. Satisfaction

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

55. What should not be included in your personal mission statement?

- A. Visions
- B. Weaknesses
- C. Strengths
- D. Priorities

AACSB: Analytic
Blooms: Evaluate
Difficulty: 3 Hard

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

56. SMART goals need to be

- A. Sporadic
- B. Measurable
- C. Artful
- D. Reliable
- E. Tough

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

57. The more specific your goals are:

- A. The more work they are.
- B. The more likely they will be achieved.
- C. The more fun they are.
- D. The less likely they will be achieved.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

58. Which of the following is not reflective of a SMART goal?

- A. Specific
- B. Measurable
- C. Attainable
- D. Reasonable
- E. Timely

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

59. When establishing your mission, you should include all of the following except

- A. Vision
- B. Mission
- C. Long-term goal
- D. Value

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

60. Connie has a goal of buying a car 10 months from now. This would be classified as a(n)

- A. Intermediate goal
- B. Short-term goal
- C. Long-term goal
- D. Impulse goal

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

61. Which is an example of a personal mission statement?

- A. To live every day to the fullest with compassion and understanding
- B. To retire when I'm 50 and move to Florida
- C. To have a huge wedding with family and friends
- D. To buy a fancy car

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

62. How many years should it take to attain intermediate goals?

- A. Less than 1 year
- B. 1-5 years
- C. More than 5 years
- D. Over your lifespan

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

63. What are the qualities of a SMART goal?

- A. Specific, measurable, attainable, relevant, time
- B. Special, measurable, attitude, realistic, try
- C. Specific, mission, attainable, reason, time
- D. Special, mission, attitude, reason, try

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

64. Money only makes you happy if:

- A. There is enough to survive
- B. You use it to do good and you are responsible with it
- C. You have more than everyone else
- D. All of these

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

65. In which instances are you really "in control of your money"?

- A. When money is used for enjoyment
- B. When money is a grave necessity
- C. When you are shopping at the mall
- D. When it is used as a resource

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

66. All of the following describe being in control of your finances except

- A. Buying things you don't need
- B. Using money according to your values
- C. Not spending more than you make
- D. Seeing money as a resource

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

67. Your happiness is not:

- A. Dependent on your genes
- B. Dependent on your circumstances
- C. A result of intentional activity
- D. Dependent on how much money your brother makes

AACSB: Analytic
Blooms: Apply
Difficulty: 3 Hard

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

68. What makes up 40% of your happiness?

- A. Attitude and self-directed behavior
- B. Family and friends
- C. Paid bonuses
- D. Winning the lottery

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

69. How does money make you happy?

- A. You use it to do good
- B. You have enough to survive
- C. You are responsible with your money
- D. All of these

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

70. Which explains that you are in control of your finances?

- A. You spend more than you make and you buy whatever you want
- B. You see money as a resource, use money freely and carelessly, and spend as much as you make
- C. You see money as a resource and you buy anything you want regardless of the price
- D. You see money as a resource, use money according to values, and don't spend more than you make

AACSB: Analytic

Blooms: Evaluate

Difficulty: 3 Hard

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Topic: Career Choices, Money, and Happiness

71. The least likely reason to choose a career is because:

- A. It has the highest salary
- B. It matches your interests
- C. It fits your values
- D. You can pursue your passion

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Topic: Career Choices, Money, and Happiness

72. Why should you want to do a job?

- A. Because it makes you happy
- B. Because it has a big salary
- C. Because there are a lot of benefits
- D. Because you are bored

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

73. Who is most in control of your finances?

- A. Your mom
- B. Your boss
- C. You yourself
- D. Your spouse

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

74. Ways to gather information on careers and decide which career best suits your own mission statement and goals include:

- A. Researching the U.S. Bureau of Labor Statistics' Occupational Outlook Handbook
- B. Job shadowing
- C. Internships
- D. All of these

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

75. According to Lyubomirsky, what percent of your happiness comes from your genes?

- A. 50%
- B. 10%
- C. 40%
- D. 55.34%

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

76. What is the "best" career?

- A. Making lots of money
- B. Doing something you love and are passionate about
- C. Doing something you do not like
- D. Doing nothing

AACSB: Analytic
Blooms: Evaluate
Difficulty: 3 Hard

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

77. Money only makes you happy if:

- A. You have more than everyone else in your tribe
- B. You use it to do good and are responsible with it
- C. You have enough to survive
- D. All of these

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

78. Which of the following does the textbook say is a major factor in your happiness?

- A. Deciding when enough is enough
- B. Spending your money on things you want
- C. Only spending money on the things you need and saving the rest of it
- D. Giving your money to charity

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

79. Denmark, declared the "Happiest Place on Earth," is classified as a _____ society according to the text.

- A. Communist
- B. Post consumerism
- C. Consumerism
- D. Democratic

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

True / False Questions

80. Short-term goals are goals that can be reached within one year.

TRUE

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

81. Only you and your parents are in control of your finances.

FALSE

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

82. Once you have enough money to meet your basic needs, money is still a motivator for most people so you just have to find a good-paying job.

FALSE

AACSB: Analytic
Blooms: Evaluate
Difficulty: 3 Hard

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

83. Academic planning is not incorporated in financial planning.

TRUE

AACSB: Analytic
Blooms: Remember
Difficulty: 3 Hard

Learning Objective: 01-01 Evaluate your spending and saving habits; and define what financial success means to you.
Topic: Personal Relationships with Money

84. Being frugal means being very tight with money.

FALSE

AACSB: Analytic
Blooms: Analyze
Difficulty: 1 Easy

Learning Objective: 01-01 Evaluate your spending and saving habits; and define what financial success means to you.
Topic: Personal Relationships with Money

85. Passive income is income received from your part-time job.

FALSE

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

86. Financial independence is when passive income exceeds expenses.

TRUE

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

87. Interest from savings and income from investments are considered passive income.

TRUE

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

88. Specific goals are less likely to be achieved.

FALSE

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

89. The most important factor in choosing a career is receiving the highest salary.

FALSE

AACSB: Analytic

Blooms: Apply

Difficulty: 1 Easy

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Topic: Career Choices, Money, and Happiness

90. Society is most in control of your finances.

FALSE

AACSB: Analytic

Blooms: Analyze

Difficulty: 3 Hard

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Topic: Career Choices, Money, and Happiness

Essay Questions

91. What are the 90-10 rule and the 80-10-10 rule and which one would you choose to use and why?

90-10 is saving 10% of your income and living on 90%. 80-10-10 is living off 80%, saving 10%, and giving 10% to the community. The rest of the answer would be opinion supported by logical reasoning.

AACSB: Analytic
Blooms: Evaluate
Difficulty: 3 Hard

Learning Objective: 01-01 Evaluate your spending and saving habits; and define what financial success means to you.
Topic: Personal Relationships with Money

92. Briefly describe the financial life stages and their differences.

Dependent Life Stage-You still depend on your family and your income consists of an allowance. Independent Life Stage-You have started to earn an income but it is very low, usually from a part-time job. You get your first checking account, preferably with overdraft protection. Early Family Life Stage-You are independent from your family, you have kids, and you have started your career with a full-time job. You will probably start saving for retirement with a 401(k) and also start saving for your dependents' college tuition. Empty Nest Life Stage-Your children have moved out of the house, which reduces your expenses. You are at the height of your career, making more money than ever before. You start to plan for retirement. Retirement Life Stage-This happens when you retire and reach financial independence, making it okay for you not to work anymore. Even though you have reached financial independence, you still keep track of every penny.

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-02 Develop a plan for engaging in fiscally responsible; goal-based spending and saving.
Topic: Financial Independence, Literacy, and Planning

93. Provide an example of a SMART long-term goal and explain why it would be classified as a SMART long-term goal.

Make sure the answer is Specific, Measurable, Attainable, Realistic or Results Oriented, and Timely with a completion date.

AACSB: Analytic
Blooms: Evaluate
Difficulty: 3 Hard

Learning Objective: 01-03 Align your financial plan with your personal goals.
Topic: Vision, Mission, and Goals

94. Name three different ways to look for a career and make a decision. Explain how each of them would help with the decision.

You can attend job shadows to find out what a day in the life of a particular position is like. You can get an internship to actually do part of the job and see what the environment is actually like. You can also talk to career services personnel to get information about a position.

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.
Topic: Career Choices, Money, and Happiness

95. Discuss three ways money makes a person happy.

Although we are influenced by our parents, our peers, and our culture, money makes a person the happiest when he or she is responsible with it, has enough to survive, and uses it to do good things.

AACSB: Analytic

Blooms: Apply

Difficulty: 3 Hard

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Topic: Career Choices, Money, and Happiness