Financial Life-Cycle & Financial Planning

Please visit CNN Money website "Money Essentials"

http://money.cnn.com/pf/moneyessentials/index.html

There is a link from: www.myBusinessEd.com *Consumer Education* page, under unit 6, *Life Cycle of Financial Planning* and then *activity link 6*.

Please review the sections/links below and answer the 10 questions with short complete sentences. You must paraphrase or write answers in your own words. ***No credit for just copying and pasting text!***

Please email your 10 short answers Mr. Breitsprecher with the subject line: CNN Money Essentials

Do not write out the sentences/prompts. **Please clearly enumerate each response in nyour email to identify which prompt each response is a reply to.**

Getting Started (Goals link)

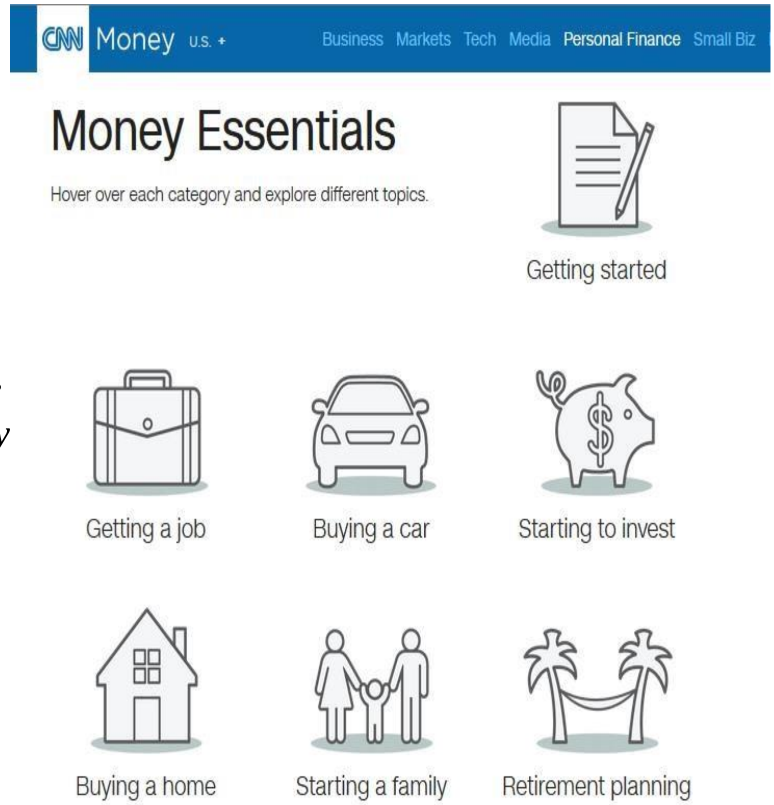
1. What 2 things does this website suggest we must do to get what we want?

Getting a Job (401K link)

2. What are 2 advantages and 2 disadvantages of a 401K plan?

Buying a Car (Buying a Car link)

3. Determining your car budget: What rule of thumb does this website suggest (**Hint:** *As a percentage of your monthly budget*) is important to plan for spending on all automotive expenses.



4. Since WWII, what is the annual rate of return for large stocks?

5. What is a stock?

Buying a Home (Buying a Home link)

6. What is a credit report?

7. Who are the three major credit agencies?

8. What does a credit report say about you?

Starting a family: Skip -- mostly about insurance and we will cover later this semester.

Retirement Planning (Retirement Planning link)

9-11. What are the three steps of retirement planning?

Personal Life Cycle

Throughout life, from childhood to retirement, circumstances and priorities change. Personal goals at age 25 will be very different from those at age 63, but at every stage it is important to make well-informed decisions to ensure that you and your family are following the best strategies for realizing your goals.

Childhood – It is never too early to begin planning for a child's financial future. Parents, grandparents, and other relatives can assist in the early years by providing funds for the child's education and future.

Teenage Years – This is an important time to learn the value of financial planning as children begin to earn money for the first time, and save to buy things such as sports or hi-fi equipment, fashion wear, and learn the disciplines of managing a student loan, and so on.

Young Adulthood – This is usually the time to make provision for the purchase of a car, and to plan for the purchase of a home. It is also the time to start planning for retirement and other long-term financial goals. Money invested now is the foundation of your personal long-term investment strategy.

Settling Down – If you have not already done so, you may be considering buying your first home. You need to save for the deposit and furnishings, and you will need to budget for the mortgage payments and the other expenses that are an inevitable part of home ownership.

New Parents – The imminent arrival of your first child, with the extra responsibilities and perhaps the need for more space, should trigger a re-evaluation of your personal financial strategies.

Middle Age – As the children approach higher education you may wish to ensure you can meet a share of the costs. Many people begin saving plans when their chidren are born and although these can help at this time, you might also need to consider making extra provision. You should also be thinking seriously about your retirement at this time.

You may well have reached your earnings peak, and as the children leave home and begin work you should review your strategies to ensure a comfortable retirement. You might, for example, want to consider moving to a smaller house, acquiring a second home, or increasing your retirement funding.

Nearing Retirement – Your retirement plans should now be nearing fruition. As you approach retirement, you need to check at least once a year to ensure that your income in retirement will meet your needs – and provide a little extra for luxuries.

Retirement – After forty or more years at work it is time to take a well-earned rest, but you still need to keep one eye on financial planning if you want to enjoy a long and comfortable retirement. This may also be the time to begin putting some money aside for your children or grandchildren.

Personal financial planning is important at every stage in your life, and in the lives of those around you. We would be happy to advise you on appropriate financial strategies for each of these stages.

Source: Peter Delis & Co
Accountants & Financial Advisors
http://www.pdco.com.au