

**First Term Airmen Center
Personal Financial Management
Internet Assignment**

www2.acc.af.mil/family/ftac

Banking

Are the high costs of ATM fees making your checking account a real pain in the wallet? See how your current ATM fees compare with other banks around the country. Which type of checking account is best for you?

Budgets & Spending Plans

What is your spending personality? _____

Using Credit

What are the names of the three major credit-reporting agencies?

1. _____
2. _____
3. _____

What is the cost of getting a credit report and is it possible to get one for free?

Go to www.smartmoney.com/debt/calculator/ From the section titled "In this section" select Comparing Credit Card Offers. Scroll down to the calculator

Scenario: You currently have a high interest credit card (21%) with a \$1000 balance. Recently you received 2 credit card offers in the mail. You would like to transfer the balance on to one of the new cards.

Card "A" offers no annual fee, 3.9% for 6 months, and then is fixed at 18%.
Card "B" offers a \$25 annual fee, 0% for 6 months, and then is fixed at 12.9%.

Which offer is the best for the first year? Card A or Card B

Car Buying

Let's see how much it cost to maintain a car by computing the actual costs of driving the following car using the **Data Input Form**. A 2000 Ford Escort priced at \$10,000.

You have no down payment and plan to finance for five years at 10%. After four years you hope to trade it in and get \$3500. The car insurance will run \$1500 per year. The annual car registration fees and taxes run \$50 annually. You plan to set aside \$200 for preventive maintenance and \$500 for repairs annually. You drive 15,000 miles per year. My car gets 20 miles per gallon and gas costs \$1.29 per gallon.

Total cash costs: \$ _____

Total cash costs plus depreciation: \$ _____

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Next look up the Trade-in and Retail values of a 1997 Toyota Corolla DX (4-door Sedan). It has an automatic transmission, 51,000 miles, air conditioning, power steering, AM/FM Stereo/Cassette, and dual air bags. Zip code: 88330. \$_____

Look up the true market value of a 1996 Honda Accord DX (4-door Sedan). It has an automatic transmission, 60,000 miles, air conditioning, AM/FM stereo/Cassette, dark blue color, average condition. Zip code: 88330.

Trade-in Value: \$ _____
Private Party Market: \$ _____
Dealer Retail: \$ _____

Does your state have a lemon law? Yes/No

What are the requirements for a new car to be considered a lemon in your state?

Calculate a car payment. What would the payment be if you financed a \$12,000 car for five years at 10 % interest? Go to calculators (left side), Loan calculator

Savings & Investing

1. How much of my annual pay should I be saving for retirement? _____
2. What is compound interest? What can I do to make my money grow? _____

3. What is the purpose of an emergency savings? How much money should I put in this fund? _____

4. Go to www.thestreet.com On left side under tools & features click "glossary" Click on "markets" scroll down to the second section "bonds"
What is a bond?
 - a. An unsecured debt.
 - b. A security that pays its holder a fixed sum on a regular schedule for a fixed term. Bonds are debt securities.
 - c. Piece of paper indicating amount of money placed in the stock market.
 - d. Anyone related to James Bond.
5. Go to www.themint.org, at the bottom, click on dictionary.
What is a stock?
 - a. A share of ownership in a company.
 - b. Money loaned to a company.
 - c. Money placed in the stock market, which guarantees a high return
 - d. Any number of sheep or cattle.
6. On left hand side, click "mutual funds"
What is a mutual fund?
 - a. Group of stocks or bonds controlled by individual investors.
 - b. High-return investment with little to no risk.

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- c. Mutual funds own stock in several companies.
 - d. Stocks sold through an insurance company.
7. Go to www.thestreet.com, under tools and features, click "glossary" Click "Funds"
What is a load?
- a. Risk associated with an investment.
 - b. Amount of money invested in a mutual fund.
 - c. A fee imposed on mutual fund buyers
 - d. Relationship between gains and loses.
8. Go to www.themint.org, click "saving and investing" On left, click "financial calculator"
Assume you want to buy a \$15,000 car in 3 years (36 mths). You have \$500 in savings. If you save your money in a savings account at 3%, how much will you need to save per month to pay for your car in cash?
- a. To save \$14,500.00 in 36 months
 - b. To save \$14,500.00 in 36 months
 - c. To save \$14,500.00 in 36 months
 - d. To save \$14,500.00 in 36 months
9. Using the scenario above, how much would you need to save per month if you placed your money in the stock market at 10%?
- a. To save \$14,500.00 in 36 months
 - b. To save \$14,500.00 in 36 months
 - c. To save \$14,500.00 in 36 months
 - d. To save \$14,500.00 in 36 months

Managing Risks

1. What does SGLI stand for? How much does it cost?

2. Let's look at auto insurance. What is the required coverage in your state?

3. According to the list, what are two ways to save on your auto insurance?

4. What specific ways are identified for soldiers to save on their auto insurance?

5. Now, let's look at renter's insurance. Does an apartment's insurance company cover your personal belongings? Yes/NO
6. What is the difference between actual cash value and replacement cost insurance?

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Smart Consumer

1. DFAS---Know your entitlements!!! What is your base pay, clothing allowance? BAH? BAS? What will the pay raise be when I go over 2, over 3, get my next rank? Plan ahead!!!

My base pay	\$ _____
My clothing allowance	\$ _____
My BAH	\$ _____
My pay over 2yrs	\$ _____
My pay over 3 yrs	\$ _____
My next rank	\$ _____

2. Soldiers Sailors Relief Act---Does it pertain to you? How can you use it? What do you have to do, to use it? www2.acc.af.mil/family/sscra.doc