CHAPTER 7: MONEY IN REVIEW

Vocabulary
Active
ATM Card
Budget
Carbon Checks
Currency
Debit Card
Discipline
Envelope System
Hoarding
Impulse Purchase
Persistent
Pro-active
Procrastinate
Reconcile
Zero-based Budget

Matching
a. budget
b. irregular income form
c. monthly cash flow form
d. duplicate checks
e. reconcile
f. currency

1. Form used to do a budget
2. Form used by persons earning an inconsistent monthly income
3. Process used to determine if the balance in your checking registry matches the balance reported on the bank statement
4. Another name for cash flow plan
5. Helps people who forget to record checks in their register after writing them

True or False
6. You need to do a zero-based budget.
7. You will pay interest on debit card purchases.
8. A budget will be the same each and every month.
9. You need to reconcile your bank statement within 72 hours of receiving it.
10. People who don’t earn a consistent salary monthly, do not have to do a budget.

Multiple Choice
11. Bounced checks are a sign of ______ living.
   a. normal
   b. crisis
   c. comfortable
   d. both a and b

12. A written budget should be done every
   a. month
   b. week
   c. 3 months
   d. 6 months

13. Your monthly budget should include
   a. fixed expenses
   b. variable expenses
   c. money to blow
   d. all of the above
14. What would account for a difference in balances in your checkbook registry and bank statement after reconciling the two?
   a. an error or omission
   b. outstanding checks that didn’t clear
   c. deposits that did not post
   d. all of the above

15. Doing a budget does not:
   a. lead to an increase in arguments
   b. make your money go farther
   c. show if you are overspending in an area
   d. remove guilt and shame sometimes associated with purchases

Short Answer

16. Explain how to complete a zero based budget.

17. What are some reasons why the balance in your checkbook registry might not match the balance on your bank statement.

18. Why do you need a written budget even when you know you can afford your expenses?

19. How does a budget differ when you have an irregular income vs. a predictable income?

20. How can a budget help when you are working on Baby Step 2?

Case Studies

21. Paul just received his bank statement in the mail. The ending balance on the account showed that he had $385.22 available. However, last night on the way to the movies, Paul stopped at the ATM and withdrew $20. The ATM receipt showed a balance of only $174.38. What are some possible reasons for the difference in balances?

22. Kimberly works for a well known financial company as a sales representative. She earns a small base salary but receives commission off every product she sells. Kimberly has basic living expenses (rent, utilities, food, gas, car insurance etc.) in addition to a student loan. She wants to start adding to her Roth IRA and buy a new television and sound system for her house. She never knows what her monthly income will be due to the commissions. What advice can you give her to help her meet her goals?

23. Neal and Catherine recently graduated from college and are starting a family. Currently, they are just making ends meet with their $45,000 salary. They want to contribute the maximum amount (currently $2,000) to fully fund an Educational Savings Account when their baby is born. How much additional money will they need to budget every month and what are some things they can do to their budget to find the money?