**Personal Finance Project**

**Find a partner to complete this project.**

* Use the internet to answer the following questions
* 2-3 sentences / bullet points per question
* Use and **properly cite** at least **one source** per part.
* Submit your work through Google Classroom
* Due Dates: Part I (A – F) \_\_\_\_\_\_\_ Part I (G – N) \_\_\_\_\_\_\_

Part II/ III \_\_\_\_\_\_\_ Part IV \_\_\_\_\_\_\_

**Part I: The basics**

**A) Living on your own**

1. What should you have financially in place for you to move out on your own?
2. What is the difference between variable and fixed expenses?
3. What questions should you think about when looking for an apartment?
4. What does “living paycheck to paycheck” mean? Why is this not ideal?
5. Find an apartment rental listing in the city you would like to live in after you graduate from college. How much is your monthly rent?
6. Make an itemized list with prices of furniture you will need to start out (Go to the Ikea website). What else will you need to start out (microwave, hangers, curtains, etc.)? Overall, approximately how much money will you need initially to live on your own?
7. What is the minimum wage in the state you would like to live in after college? How many hours of minimum wage will you need to work to pay for your rent?
8. What is good budgeting advice to live by yourself comfortably?

**B) Banking and Saving**

1. What is the difference between a checking account, savings account and certificate of deposit?
2. Why is it important to have all 3?
3. What are strategies to save money? Offer specific advice.
4. Based on the information you researched about this topic, create 3 rules of advice that young adults must follow.

**C) Credit Cards**

1. What is an APR?
2. What is a grace period?
3. Why is it important to pay your full bill within the grace period?
4. What other hidden fees are associated with credit cards?
5. What criteria should you use in choosing a credit card?
6. What are some different types of rewards programs for credit cars?
7. What is a department store credit card? How is it different than a mainstream credit card? What are the positives and negatives of owning a department store card?
8. Choose one of the following companies: **Bank of America**, **Capital One**, **Chase**, **American Express** and **Discover**. Which of their credit cards is best for you?
9. Compare and contrast two or more of the companies: which has the best credit cards for you?
10. Based on the information you researched about this topic, create 3 rules of advice that young adults must follow.

**D) Credit Score**

1. What is a credit score? Why is it important?
2. What is considered an excellent, good, bad credit score?
3. How is it calculated? What are the components of it? For each component: what is considered good/bad?
4. What is the consequence of a poor credit score?
5. How do you improve your credit score?

**E) Taxes**

1. What are the differences between a W2, W4, 1040 and 1099 tax form?
2. What are dependents, deductions, allowances and tax credits? What can be used for each?
3. Why might people put a smaller amount of dependents/allowances on their W4 than they actually have?
4. Why might people hold additional income on their W4?
5. How has the new Trump Tax Plan affected how people do their taxes?
6. How are people in New York State affected by the Trump Tax Plan?

**F) Health Insurance**

1. Why is having a comprehensive health insurance plan important?
2. What type of health insurance plans are there?
3. Go to the NY “State of Health” website and choose a health insurance option. Why did you select this coverage? How much will your plan cost each year?
4. What do the cheaper plans fail to cover?
5. Based on the information you researched about this topic, create 3 rules of advice that young adults must follow.

**G) Cars:**

1. What is the difference between leasing and buying?
2. What are the advantages and disadvantages of each?
3. What is the minimum car insurance you must have in NYS? How much will insurance cost you?
4. What raises and lowers your car insurance?
5. Choose a car you want to buy in the next ten years – identify the lease and purchase payment differences.
6. What are other maintenance costs of owning a car?

**H) Marriage and Kids**

1. What are the financial advantages and disadvantages of being married?
2. What is the marriage tax penalty?
3. Why is it crucially important to know your fiancé’s credit score before getting married?
4. How much does it cost raise a child in New York City? What are the main financial expenditures associated with raising a child? Per Year? Cumulative until they turn 18?
5. Compare and contrast a 529 Plan and an UGMA for saving money for your kids’ college. Which is the better option? Explain.

**I) Mixed Bag**

1. Explain the difference between Good Debt and Bad Debt.
2. Add up rent, health insurance, car payments, car insurance, and apartment startup costs. Not even including your day to day living expenses (food, utilities, clothing, entertainment, etc.), how much will it cost you to live on your own?

**J) Home owning (Extra Credit)**

1. What is a mortgage?
2. What is a pre-approval?
3. What percentage of the mortgage should the down payment be? Why?
4. What is an amortization schedule?
5. What is a PMI (private mortgage insurance)?
6. What fees/expenses besides the mortgage is involved in owning a home?
7. What should you financially have in place before you buy a home? (credit score, savings, etc.)

**K) Life Insurance(Extra Credit)**

1. What is a premium?
2. What is the difference between Whole, Universal and Term Life Insurance? Which do you think is better? Why?
3. When should you get life insurance? When do you need to get life insurance?
4. How much life insurance coverage do you need?
5. How are life insurance costs calculated?

**L) Retirement funds (Extra Credit)**

1. Define: IRA, Roth IRA and 401K. What are advantages and disadvantages of each?
2. What is compounding interest?
3. When should you begin investing for retirement? Why?
4. How much of your salary should you put toward retirement, why?

**M) Legal Documents (Extra Credit)**

1. What is a Will? When should you make one?
2. What is an Estate Plan? When should you get one?
3. What is a Pre-Nuptial agreement? What does it do? What does it not do? Should people get it?

**N) Investment options (Extra Credit)**

**For each of the following:**

**penny stock** **common stock** **bonds** **mutual funds**

**Exchange Traded Fund (ETF)** **Unit Investment Trust (UIT)**

a) define them in two-three sentences

b) how is money made off each of them and are there any associated costs to owning one?

c) explain how each is unique/the main differences between them

d) explain the advantages and disadvantages of investing in each?

e) rank them in order of what you think is the safest investment to the most riskiest investment. f) Do you think one of or more of these options are right for you? Why? If you don’t want to

invest based on what you read, why not?

**Part II: Navigating the IRS**

<https://apps.irs.gov/app/understandingTaxes/student/simulations.jsp>

Complete the simulations for the following people:

Lawrence Red Owl, Cicely King, Tasha Miller, Monica Lindo,

John Stillman, Seth Wiggins, Rita Bently, James King

**1) What are some difficulties with navigating the tax system?**

**2) If you were the head of the IRS, how would you change America’s taxation system?**

**Part III: Personal Finance Commandments**

**Create 10 general “Personal Finance Commandments” for young adults.**

**Part IV: Personal Finance Pamphlet:**

**Your pair will be assigned a section from above. For that section:**

1) Create a personal finance pamphlet giving brief information and advice for 18 year olds.

2) Your pamphlet should briefly and concisely summarize the main ideas of your section.

3) Your pamphlet should be in **bi-fold** or **tri-fold format.**

4) Include important websites that students can use to further their knowledge of your topic.

5) Be Creative.