

LIFE SCENARIOS **ANSWER KEY**

Trying to save for a big financial goal while navigating life's twists and turns can get complicated. Setting the goal is the first step. After that, you'll need to learn about budgeting, spending, borrowing, taxes, and more.

1. Determine if a scenario demonstrates the financial principle of "pay yourself first" by writing a Y (yes) or N (no) next to each situation.

Y You get a raise and use the "extra" money to pay past due bills.

Y You create a budget that considers your savings goals before your spending goals.

Y When you get paid you put a portion of your income towards savings goals first.

N You transfer money every paycheck into a special spending account.

2. True or False (circle one):

☒ F An apartment lease is an example of a contract to borrow someone's property for a specified amount of time and money.

3. Circle the scenarios that demonstrate when auto, medical, or home/renters insurance could be useful.

Replace items you lost at school.

Pay for necessary car repairs.

Cover the costs of a car accident.

Reimburse costs for a doctor's visit.

Repair damage a water leak at home.

Pay for yearly car registration costs.

3. Match the correct definition with it's correlating vocabulary term.

Claim

An amount paid to the federal or state government to pay for services and programs.

Taxes

A request made from a policyholder to an insurance company asking for payment on a covered service.

Interest

An amount charged for borrowing money or paid to someone for lending it.

5. What's your biggest takeaway?

Answers will vary.