

## CHAPTER 10 READING QUESTIONS 14th EDITION: The Master Student

### Money

#### Multiple Choice

*Identify the choice that best completes the statement or answers the question.*

1. According to the text, the three paths to financial freedom include all of the following except
  - a. taking action and using the strategies for earning more money or spending less, or both.
  - b. taking advantage of credit card offers that you receive with the rest of your junk mail.
  - c. committing to spending no more money than you have (or less than you have).
  - d. telling the truth about how much money you have and how much you spend.
2. The Money Monitor/Money Plan is an opportunity to discover how
  - a. to make money.
  - b. money flows in and out of your life.
  - c. to save more money
  - d. to spend more money.
3. In addition to earning money the benefits to working while in school include
  - a. gaining experience.
  - b. establishing references.
  - c. expanding your contacts.
  - d. All of these.
4. The https:// in a URL is
  - a. an indication that the site has significant encryption technology to protect your financial information.
  - b. an indication that the site is a source of silly jokes.
  - c. an indication that this site should be avoided as unsafe.
  - d. an indication that the site is part of a socially conscious organization.
5. According to the textbook a strategy for spending less money is
  - a. observing your purchases of small ticket items because they can add up.
  - b. paying for your purchases using credit cards so that you will have more cash available.
  - c. never wasting time comparison shopping because you can spend that time working more.
  - d. going out to dinner and therefore not using your home/apartment utilities.
6. Your credit rating score can determine
  - a. job prospects.
  - b. insurance rates.
  - c. credit interest rates.
  - d. All of these.
7. If you cannot pay off your credit card balance at the end of the cycle
  - a. you are spending more than you earn.
  - b. you are in debt.
  - c. you are incurring excessive interest costs.
  - d. All of these.
8. Among the ways to protect (raise) your credit score is/are
  - a. to pay off the balance every month.
  - b. to pay on time.
  - c. to stay within the credit card limit

9. One of the downsides of credit cards is that
- they are small and easily lost.
  - they can help you establish credit.
  - their interest rates are always very, very high.
  - they can leave you with a debt load that may take decades to pay off.
10. Studies show that obtaining higher levels of education is associated with
- increased stress and a higher risk of heart attack.
  - increased debt load.
  - lower levels of unemployment, incarceration, and smoking.
  - driving fuel efficient cars and working for nonprofit foundations.
11. The Power Process: “Risk being a fool”
- suggests that playing the role of a clown will lower your risk of heart attack.
  - suggest that taking risks may mean failure, but it can also add to your life experiences.
  - tells us that being foolish is to great a risk to chance, so always take it cautiously.
  - tells us that as long as you smile you cannot be held responsible for what your actions cause.
12. Strategies for taking control of your credit cards include all of the following except
- taking advantage of cash advance offers.
  - checking statements against your receipts and records.
  - using just one credit card.
  - scrutinizing credit card offers carefully.
13. Phishing is
- a summer sport.
  - an online scam to get personal information to be used in identify fraud.
  - a short cut to filling out financial aid forms.
  - an inexpensive online software program.
14. According to the textbook, ways to increase your income include all of the following except
- focusing on your education.
  - working while you are in school.
  - cutting classes so that you can make extra money.
  - doing your best at every job.
15. Solving financial problems in ways that protect you for the future include
- lying to creditors about your situation.
  - continuing to overspend and thus spend your way out of the problem.
  - seeking credit counseling and help you can trust, e.g. from the National Foundation for Credit Counseling.
  - think about and plan your finances in the most general terms.
16. Your liquid savings
- are the funds that are available immediately.
  - are the funds kept in offshore savings banks.
  - are the funds you have saved to buy your first boat.
  - are the funds kept under the aquarium in your bedroom.

### **True/False**

17. Student loans from private companies always are available at lower interest rates than those sponsored by the Federal Government.

18. Term life insurance is the least expensive kind of life insurance because it only pays if you die and does not have a savings plan built into it.
19. Most money problems result from spending more than you make.
20. Health insurance is only necessary for those with sizeable assets and poor health.
21. Student discounts can be a useful part of a plan to spend less.
22. Discovery and Intention, along with the ability to add and subtract, give you the necessary tools to manage your money.
23. The Money Monitor/Money Plan System is the same as a household budget.
24. When the economic landscape is filled with more downs than ups, the smart student realizes that they might as well give up and put their educational goals aside.
25. Even though you spend money wastefully your friends will know you have a real and honest concern for those less fortunate.
26. Watching what you spend on “fun” and checking your monthly phone bill can both help you spend less and thus save more.