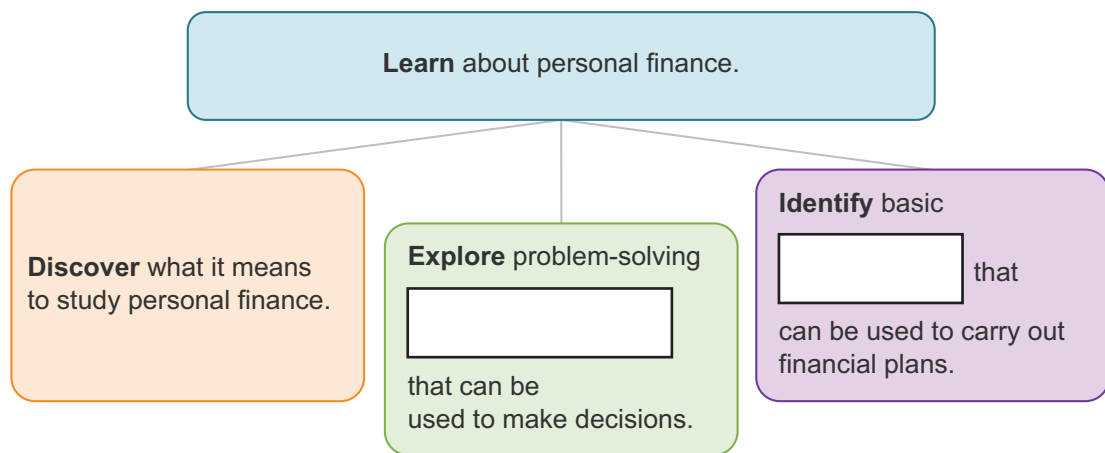


Warm-Up

Principles of Financial Planning

Lesson
Question

Lesson Goals



Words to Know

Fill in this table as you work through the lesson. You may also use the glossary to help you.

	an individual's assets and management of them
	the money a person earns for providing a service or selling goods
	the chance or possibility of loss
	a plan that balances available resources and expenses
	the principle that one opportunity must be given up in order to consume or produce another

**Making a Financial Decision**

When you make a financial choice, what should you consider?

- decisions are an inescapable part of everyday life.

Instruction

Principles of Financial Planning

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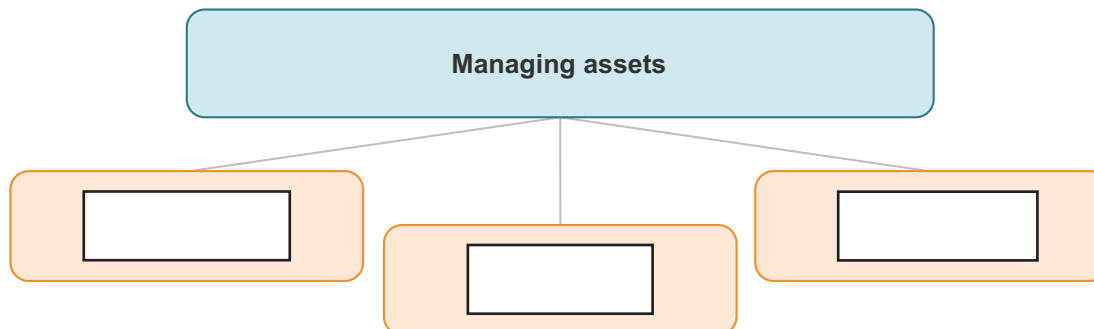
Personal Finances

Personal finances include:

- an individual's .
- how an individual those assets.

Assets

Your assets include your and your personal .

Options for Managing Assets

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Slide

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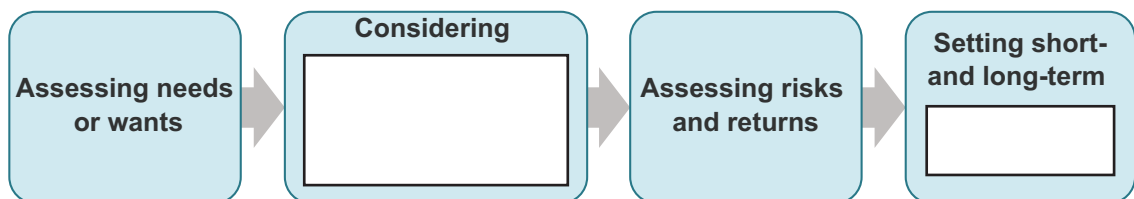
Comparing and Contrasting: Personal Finance Skills**Someone with personal finance skills:**

- will be more prepared for problems.
- will have for the future.
- Will be better able to pay for life's necessities.
- will be likely to face long-term challenges.

Someone without personal finance skills:

- will be less prepared for emergencies.
- will not make thoughtful decisions.
- will have a time paying for necessities.
- will be likely to face long-term challenges.

5

Solving Personal Financial Challenges**Needs, Wants, and Opportunity Cost**

Financial planning starts with identifying needs and wants.

- A is something you can't do without.
- A is something you'd like to have.

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5

Opportunity Cost

Opportunity cost is what you when making a financial decision.

7

Risk and Return

Assessing **risk** and return involves three questions.

- What could if I make this choice?
- What could I receive if I make this choice?
- Is the risk the return?

Setting Financial Goals**Long-term goals:**

- require of careful planning.
- include for college or retirement.

Short-term goals:

- require years or less of planning.
- include saving for purchases.
- are not necessarily a priority over long-term goals just because the need seems more immediate.

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Budgeting

A **budget** can accomplish two purposes.

- Recording **income** and spending
- Planning income and spending

Banking and Investment Accounts

Banking and investment accounts are also tools you can use.

- These accounts can help you to manage and reach your goals.

Credit and Loans

You can borrow money to help pay for current or future decisions.

- are used by many to make large purchases.
- Most people must take out a loan, called a , to buy a home.
- Credit cards and loans will cost you money in the long term than if you use cash.

Summary

Principles of Financial Planning

?

Lesson Question

What tools and strategies can you use to manage your personal finances?

✓

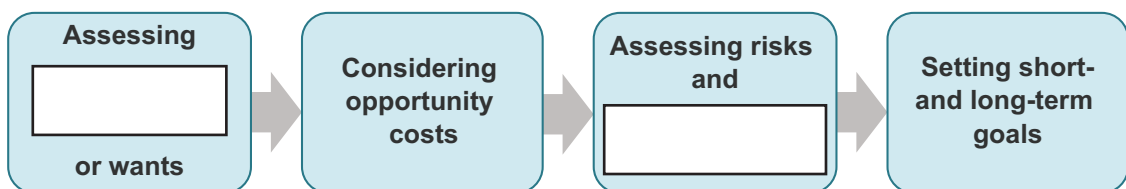
Answer

Slide

2

Review: Personal Finance Strategies

Personal finance is about managing your assets.



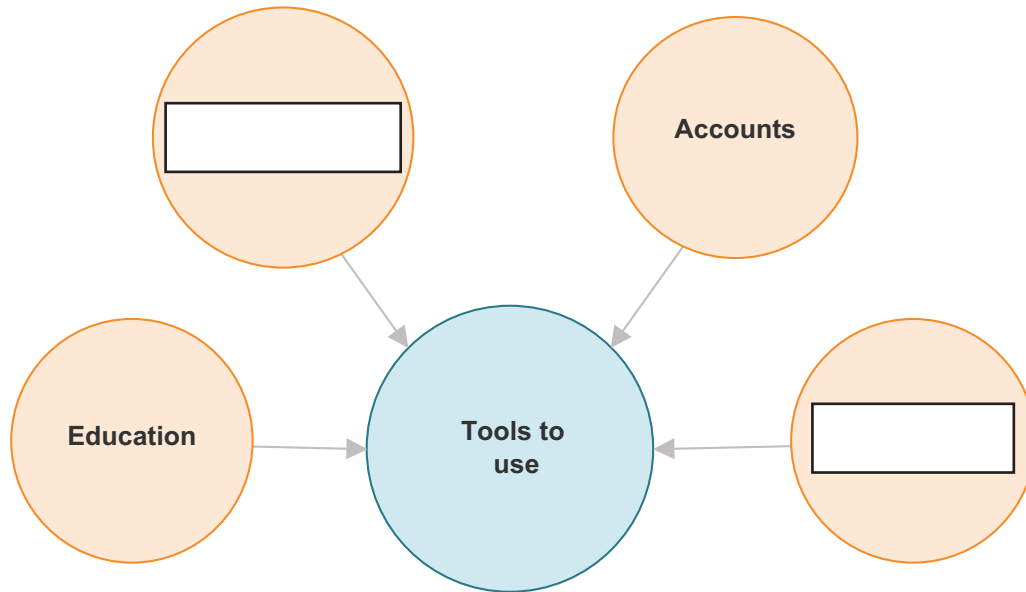
Summary

Principles of Financial Planning

Slide

2

Review: Tools for Making Financial Choices



Use this space to write any questions or thoughts about this lesson.