



A hand-drawn mind map on a white paper napkin, centered around the topic of 'PERSONAL FINANCIAL PLANNING'. The central node is enclosed in a green box. Six branches radiate from the center, each ending in a red-outlined oval containing a related financial concept: 'MAJOR PURCHASES' (top-left), 'CASH FLOW' (top-right), 'TAXES' (right), 'INSURANCE' (right), 'ESTATE' (bottom-left), and 'EDUCATION' (bottom-left). Two additional branches extend from the bottom of the central node to 'RETIREMENT' (bottom-right) and 'EDUCATION' (bottom-left). The napkin is placed on a light-colored wooden surface. In the top-left corner, a white coffee cup filled with dark coffee is visible. In the bottom-left corner, several coins are scattered on the table.

Economics

Unit Five

Personal Finance

Unit 5

Big Idea #1

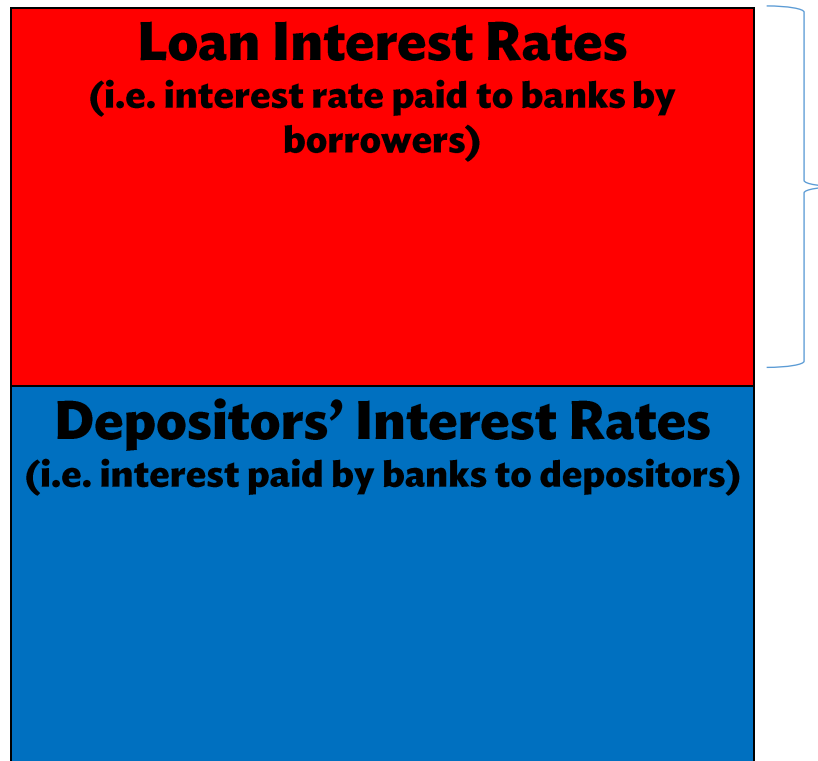
Financial Institutions

<p>Banks a financial institution licensed to receive deposits, make loans and provide a wide variety of financial services</p>	<p>Credit Unions a nonprofit-making money cooperative whose members can borrow from pooled deposits at low interest rates</p>
<p>Payday Lenders a company that lends customers small amounts of money at high interest rates, on the agreement that the loan will be repaid when the borrower receives their next paycheck</p>	<p>Title Pawn Lenders A car title loan is a type of secured loan where borrowers can use their vehicle title as collateral. Borrowers who get title loans must allow a lender to place a lien on their car title, and temporarily surrender the hard copy of their vehicle title, in exchange for a loan amount.</p>

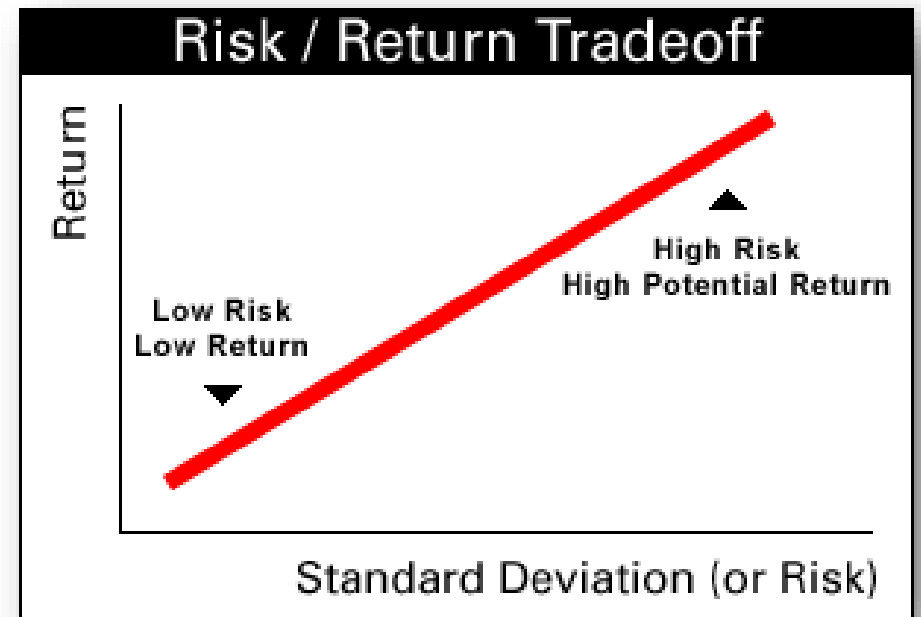
Unit 5

Big Idea #2

Interest Spread



Risk vs. Return



Unit 5

Big Idea #3

Different Types of Taxes

Progressive	Regressive	Proportional	Property
Tax rate increases as income increases	Tax which hurts low income people the most	Same % for everyone (flat tax)	Tax applied to land & property owners
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High income earners pay a larger percentage in taxes	Uses up a larger proportion of income	The more you earn the more you pay	Pays for public school systems & other public works
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Example: Federal Income Tax	Example: Sales Tax	Example: Social Security Tax up to a certain limit	Example: Homeowner taxes on their home

Unit 5

Big Idea #4

Credit

Simple vs Compound Interest

Simple Interest – Calculated interest does not include interest earned

Year	Account Balance	Interest Earned
1	\$1000	$1000(.05) = \$50$
2	\$1050	$1000(.05) = \$50$
3	\$1100	$1000(.05) = \$50$
4	\$1150	$1000(.05) = \$50$

*Compound Interest – Calculated interest **does** include interest earned*

Year	Account Balance	Interest Earned
1	\$1000	$1000(.05) = \$50$
2	\$1050	$1050(.05) = \$52.50$
3	\$1102.50	$1102.50(.05) = \$55.13$
4	\$1157.63	$1157.63(.05) = \$57.88$

Credit Worthiness



Unit 5

Big Idea #5

Insurance

