**Personal Finance Target Practice Activity**

Prompts and Clues

**Investment Pyramid—** this tool shows the financial foundation and the levels of risk.

**Goals—** Part of the Investment Pyramid, these are SMART.

**Budget—** This gives you a good picture of your expenses.

**Net Worth—** This helps you determine your financial health.

**Financial Records—** Keep these organized where you can easily find them and review them once each year.

**Life Insurance—** This insurance is cheaper when you are young and ensures others that rely on you are cared for.

**Health Insurance—** This helps you cover a medical emergency.

**Disability Insurance—** This helps you cover financial needs if you can’t work.

**Property and liability insurance—** Thiscoverage can include home, flood, earthquake and insurances, and you are protected from lawsuits.

**Low Risk Investments—** These are backed by the federal government and usually have low but predictable returns.

**Medium Risk Investments—** a usually steady investment but with greater risk.

**High Risk Investments—** Highly volatile and often involves futures.

**Futures—** High risk and high return; involves commodities.

**Contract investments—** used in industry these are agreements to invest with the expectation of receiving a return on the investment.

**Collectibles—** High risk and based on individual or collected sets of items.

**Risk Tolerance—** The amount of volatility one is willing to accept in their investments.

**Risk Meter—** The greater the potential return the greater the potential of loss.

**Diversification—** Spreading out your risk.

**Savings Accounts—** Easy and extremely low risk, these low-interest accounts allow you quick access to the funds.

**Stocks—** publicly trades and can increase or decrease in value daily.

**Bonds—** These investments are rated and can be issued by the government or a company.

**Mutual Funds—** often an investment in a portion of a larger fund with a mixture of investment types.

**401(K), 403(B)—** an employer sponsored saving plan.

**Annuities—** a form of insurance or investment that has monthly payouts.

**IRA—** These can be Roth or Traditional in type.

Alternate question options.

**Roth IRA—** uses post-tax dollars and is not taxed at retirement. May be used only for certain things.

**Traditional IRA—** uses pre-tax dollars and is taxed at retirement.

**Certificate of Deposit—** holds a fixed amount of money for a fixed period of time and the issuing bank pays interest.

**Money Market Account—**involves trade in short-term loans between banks and other financial institutions.

**Aggressive Growth—** a term used to describe high risk funds that may have high returns.

**Long term investments—**tends to see growth over time.

**Treasury Bills—** These have the shortest maturity date and are issued by a particular department of the U.S. government.