**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— This coverage 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.