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Solution and Answer Guide

PFIN, 8e Chapter 01: Understanding the Financial Process

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Financial Planning Exercises.....1

FINANCIAL PLANNING EXERCISES

1. LO1, *Benefits of Personal Financial Planning*. How can using personal financial planning tools help you improve your financial situation? Describe changes you can make in at least three areas.

The best way to achieve financial objectives is through personal financial planning, which helps define financial goals and develop appropriate strategies to reach them. Creating flexible plans and regularly revising them is the key to building a sound financial future.

Changes to make are specific to the individual. The important point is to examine your current lifestyle and identify areas to change. Common areas for college students are spending on entertainment, eating out, transportation (car, bus, bicycle, other), clothing, vacations, and dating.

To examine your status in obtaining your goals you need information that is reported in your Balance Sheet and Income and Expense Statement. With this basic information and clearly stated goals, you can identify areas for change.

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2. LO2, *Personal Financial Goals and the Life Cycle. Use Worksheet 1.1.* Describe your current status based on the personal financial planning life cycle shown in Exhibit 1.7. Fill out Worksheet 1.1, "Summary of Personal Financial Goals," with goals reflecting your current situation and your expected life situation in 5 and 10 years. Discuss the reasons for the changes in your goals and how you'll need to adapt your financial plans as a result. Which types of financial plans do you need for your current situation, and why?

Students' answers will vary. From exhibit 1.7, their first 20 years are preparatory for their life. During their 20's they will start their family and begin acquiring assets. Insurance decisions will be made to protect their family through life insurance and their assets through casualty insurance. By the time they reach their 30's, they begin to look long term with a saving and investment plan perhaps focused on future purchases (car, college for kids, larger houses, and so on), more concern for employee benefits from their workplace, and hopefully starting a modest retirement plan.

Examples of financial goals are given in Worksheet 1.1. It will be useful to discuss each section of the worksheet and ask students for additional goals.

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3. **LO2, *Personal Financial Goals.* Recommend three financial goals and related important questions to answer for someone in each of the following circumstances:**

   • A senior in college
   • A 35-year-old sales representative who plans to earn an MBA degree
   • A couple in their 30s with two children, ages 4 and 7
   • A single 52-year-old man with a 17-year-old child and a 80-year-old father who is ill

Again, answers will vary among the students. Here are some suggested goals.

- Senior in college—pay off all credit card debt by graduation; pay off all student loans within 10 years of graduation; save $5,000 for a down payment on another vehicle during the next 3 years.
- 35-year-old sales representative who plans to earn an MBA—pay off auto loan before beginning degree; find a cheaper place to live; set aside $5,000 for emergency use during school.
- Couple in their 30s with two children, ages 4 and 7—begin college fund for each child; fund Roth IRAs for both parents; max out [that is, put as much as you can in plan up to the legal limits] employer-sponsored retirement plan, such as 401k, each year.
- A single 52-year-old man with a 17-year-old child and a 80-year-old father who is ill—engage the help of friends or family in carpooling teenager to school and activities; explore community or church programs which might assist the father, such as Meals on Wheels or a visitation program; help father with estate planning needs, hiring an attorney if needed.

4. **LO3, *Life Cycle of Financial Plans.* Noah Davis and Amelia Lopez are planning to get married in six months. Both are 30 years old and have been out of college for several years. Noah uses three credit cards and has a bank account balance of $7,500 while Amelia only uses one credit card and has $9,500 in her bank account. What financial planning advice would you give the couple?**

   Two issues are presented here: the number of credit cards and number of checking accounts. Having too many credit cards can lower your FICO score and your credit rating because you have the potential of maxing out on each of the cards and getting into financial difficulty. Noah should reduce his cards to one. Amelia should keep her card.

   Two bank accounts can work okay if the various expenses are allocated between the two spouses. If one spouse has the job of paying all the bills, that spouse needs to have access to all accounts, which defeats the purpose of multiple accounts. Most couples have only one checking account. Here the combined balances are more than they need in their checking account. They should move about half of their $17,000 to an investment account.

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5. **LO4, *Impact of Economic Environment on Financial Planning*. Summarize current and projected trends in the economy with regard to GDP growth, unemployment, and inflation. How should you use this information to make personal financial and career planning decisions?**

   Answers about economic trends will depend on current economic conditions. If the GDP is growing, the economy is expanding, and general economic conditions are considered favorable. Unemployment is probably low, and jobs are available. If the GDP is slowing, the economy may not be doing well, and jobs may be scarce. Changes in the CPI indicate the level of inflation. If inflation is rising, purchasing power is declining, and you will need more money to achieve your financial goals. In periods of high inflation, interest rates rise making it more difficult to afford big-ticket items. Knowledge of current economic conditions can help you plan the level of savings versus spending. In a period of inflation, physical assets [such as real estate] are better than financial assets such as saving accounts.

6. **LO4*, Effects of Inflation.*** How does inflation affect interest rates, security prices, and financial planning?

   Inflation is a measure of the increase in the prices of items sold in the economy. The most common measure of inflation is the consumer price index (CPI). With inflation the price of consumer goods increases, thus those who lend money to others will have reduced purchasing power and will need more income to support their lifestyle. So, interest rates will increase. Security prices reflect the buyers and sellers' beliefs about the future income of the entity. If inflation is causing consumers to purchase less, the future of the business represented by the security may produce less income. So, the price of securities will decrease. Financial planning is necessary to be prepared for inflation or deflation. Inflation does not change the need for financial planning.

***7.* LO5*, Effect of Age and Geography on Income.* Evaluate the impact of age and geographic location on personal income.**

Typically, people with low incomes fall into the very young or very old age groups, with the highest earnings generally occurring between the ages of 35 and 44. The younger (below 35) are developing their careers in school or beginning to move up in their jobs. The older age worker may be reducing the hours worked to part-time or may have retired. The middle aged worker (35 – 44, perhaps up to 50) tend to have the highest average income. At this age their career is established, and they are most productive. However, with good retirement planning, the income of the retired worker may still be close to that of the middle-aged worker.

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Geography per se does not impact the local economy, However, typically your salary will be higher in a large metropolitan area rather than a small town or rural area. Such factors as economic conditions, labor supply, and industrial base will affect the level of salaries in an area. In the more populated areas, higher salaries may result in a higher cost of living. For example, the salaries in San Francisco are higher than those in Knoxville, Tennessee (home of the Volunteers), but the cost of living is also higher in SF than Knoxville. True SF has the ocean nearby, but Knoxville has the Smoky Mountains close. The choice of where to live is not solely driven by salaries.

8. LO6, *Career Choices and Financial Planning.* Assume that you graduated from college with a major in finance and took a job with a real estate brokerage company. After three years, you are laid off when the company downsizes. Describe the steps you'd take to "repackage" yourself for another field.

Possible steps to "repackage" yourself might include:

- Analyzing skills and experience to identify transferable skills.
- Looking for companies in related fields and industries.
- Considering your own interests to see if other career paths make sense.
- Networking extensively.
- Researching fields that use your knowledge and skills.
- Developing a functional resume focusing on skills rather than job titles.
- Obtaining additional education or training, perhaps obtaining certifications.

9. LO5, 6, *Income and Education.* Using Exhibit 1.12, discuss the relationship between annual income and the highest level of education completed. Provide specific examples of the differences between having no high school diploma and having a bachelor's degree, and between having a bachelor's degree and a professional degree.

Exhibit 1.12 reports the average salaries by level of education and age. The highest income is earned by professionals, think medical doctors. But, other doctoral degrees, such as PhDs, are close behind. Generally, the more education you have the more income you will earn. Of course, there are exceptions. There are PhDs working as social workers who earn less than high school graduates who work as a plumber, electrician, or other skilled worker. Also, if you inherit your millions or win the lottery, your education may not matter. Education is valuable even if you do not earn a higher salary because of it.

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10. LO5,6, *Career Planning*. Logan Phillips, a 54-year-old retail store manager earning $95,000 a year, has worked for the same company during his entire 30-year career. Logan was recently laid off and is still unemployed 10 months later, and his severance pay, and 6 months' unemployment compensation have run out. Because he has consistently observed careful financial planning practices, he now has sufficient savings and investments to carry him through several more months of unemployment.
Logan is actively seeking work but finds that he is overqualified for available lower-paying jobs and under-qualified for higher-paying, more desirable positions. There are no openings for positions equivalent to the manager's job he lost. He lost his wife several years earlier and is close to his two grown children, who live in the same city.

Logan has these options:
• Keep looking for another job.
• Move to another area of the country where store manager positions are more plentiful.
• Accept a lower-paying job for two or three years and then go back to school evenings to finish his college degree and qualify for a better position.
• Consider other types of jobs that could benefit from his managerial skills.

a. What important career factors should Logan consider when evaluating his options?
b. What important personal factors should Logan consider when deciding among his career options?
c. What recommendations would you give Logan in light of both the career and personal dimensions of his options noted in Questions 1 and 2?
d. What career strategies should today's workers employ in order to avoid Logan's dilemma?

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Answer and Discussion

This case asks students to consider the long-range implications of career and financial planning. In today's business world, changes in the economy and corporate strategies often result in workforce downsizing. Many students may be faced with the loss of a job during their working years. They may find themselves in Logan's position, overqualified for some jobs and underqualified for others. Knowing what steps to take to avoid this situation is an important aspect of career and financial planning.

There are many correct answers to these questions; some possibilities are given below.

1. Important career factors for Logan to consider when looking for a new job include salary, opportunity for advancement, his transferable skills that could apply to a field other than retailing, availability of benefits, available training programs, types of industries and companies (size, work environment, etc.) that interest him, and tuition reimbursement policies so he can finish his degree.

2. Personal factors that Logan should consider as he investigates job opportunities include location/need to relocate (his children live in the area), personal lifestyle needs (is he willing to travel, work overtime, commute further?), type of work situation most suitable for him (managing others, part of a team, level of public contact, etc.), and any personal interests that could open doors to a new career. (There is some overlap between career and personal factors.)

3. Logan should consider a lower-paying job on a short-term basis and at the same time look for a managerial job in another field. He cannot afford to wait out the recession; his funds will run out in a few months. This two-pronged approach is therefore preferable to one or the other. A job at a lower salary, particularly one with good benefits and a tuition reimbursement policy, would allow him to finish his degree or obtain other job training to qualify for a better position. Because he has no dependents, he should be able to cover his living expenses, although he may have to cut back on some discretionary expenses. He should consider several fields and not limit himself to retailing, particularly if he does not wish to relocate to another area of the country away from his grown children. If he is committed to staying in retailing, he probably will have to move. He needs to determine his personal priorities to make these decisions. We do not have enough information to know what they will be. He may want to participate in some career workshops or get some career counseling to work out some of these issues.

4. There are many strategies today's workers can employ to avoid being placed in Logan's position. Staying with one employer and one basic type of work for 28 years, as Logan did, will be the exception rather than the rule. Job changes, whether voluntary or involuntary, should be made with certain objectives in mind, such as broadening your base of experience and learning new skills—for example, computer skills and management responsibility. Keeping up with

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industry trends and overall economic conditions is very important. This can alert you to the skills needed for future success and provide advance warning of possible downsizings. Don't allow yourself to be "pigeonholed" into one very specific type of job for too long; look for opportunities to transfer within your company or to another firm to get more diverse experience. Think of your capabilities in terms of general skills that can be applied to other jobs, companies, and industries. Develop and maintain a network of professional contacts in firms and industries that appeal to you and be willing to share your knowledge with others who need your help.

As Yogi Bera is reported to have said, "When you come to a fork in the road, take it."

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Instructor Manual

Chapter 01: Understanding the Financial Planning Process

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Purpose and Perspective of the Chapter

The heart of financial planning is making sure your values line up with how you spend and save. That means knowing where you are financially and planning on how to get where you want to be in the future no matter what life throws at you. For example, how should your plan handle the projection that Social Security costs may exceed revenues by 2035? And what if the government decides to raise tax rates to help cover the federal deficit? And how should a default on government debt affect financial planning. An informed financial plan should reflect such uncertainties and more.

This chapter overviews the financial planning process and explains its context. Topics include how financial plans change to accommodate your current stage in life and the role that financial planners can play in helping you achieve your objectives. After reading this chapter you will have a good perspective on how to organize your overall personal financial plan.

List of Student Downloads

Students should download the following items from the Student Companion Center to complete the activities and assignments related to this chapter:

- Worksheet 1.1 Summary of Personal Financial Goals
- Worksheet 1.2 Analyzing the Benefit of a Second Income

Learning Objectives/Goals

LG1 Identify the benefits of using personal financial planning techniques to manage your finances.

Key concept in this section is the planning model as displayed in Exhibit 1.1. Your standard of living is greatly impacted by *your spending habits and your commitment to saving*. Your spending is measured by **your propensity to consume. Wealth** is the total value of all property you own less the amount that you owe to others.

ACTIVITY: Ask the students to assume that they have just inherited $100,000. What will you do with the money? Write down three ways you will spend or use the money.

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Ask the students to share one item with the class and record what they say so that the entire class can reflect on the answers. Hopefully, at least a few will mention investing even if only $10,000 of the amount. Use their answers to discuss taking care of current needs versus future needs. Focus on their propensity to consume and its impact on accumulating wealth. Point out the Financial Planning Tip, "Be SMART in Planning Your Financial Goals."
Use Exhibit 1.2 to show how the average person earns and spends their money and Exhibit 1.6 to help the student identify where they are now.

LG2 Describe the personal financial planning process and define your goals.

Dwight Eisenhower, army general and president, is quoted as saying "Plans are useless; Planning is priceless". The process of planning allows you to focus on the issues that are most important and to be ready when things change.

Exhibit 1.3 lists the Six Step Financial Planning Process. The first and most important is defining your financial goals. Exhibit 1.6 lists goals by age to demonstrate how goals change over time. Use the examples in Exhibit 1.5 to ask students if the assumptions are realistic. Yes, the answer is in the exhibit, but many will not have read the chapter at this point. For your use, the assumptions are:

Assumption 1: Saving a few thousand dollars a year should provide enough to fund my child's college Education.
Assumption 2: An emergency fund lasting 3 months should be adequate.
Assumption 3: I will be able to retire at 65 and should have plenty to live on in retirement.
Assumption 4: I'm relying on the rule of thumb that I will need only 70 percent of my pre-retirement income to manage nicely in retirement.

There are several worksheets in the book. Worksheet 1.1 gives the student a format to write down their Personal Financial Goals. There is power in writing down goals [and most any other plan]. Recording the goal and then reviewing three months later will help you to keep focus on the goal.

LG3 Explain the life cycle of financial plans, their role in achieving your financial goals, how to deal with special planning concerns, and the use of professional financial planners.

Exhibit 1.7 can help focus the attention on how goals differ between the various stages of life. Section 1-3b lists various decisions that you will have to

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make over your life. Section 1-3c addresses Special Planning Concerns. Worksheet 1.2 focuses on the financial benefit to the family of the second income. If the second income is from a minimum wage job, it may not be a good financial decision.

While perhaps off topic, I recall a high school science teacher who was a smoker. He walked through the amount of money he spent on purchasing tobacco products. That computation had a lot to do with my decision to not smoke. How this relates to the course is that this is an illustration of how the financial impact of a decision can drive the decision.

LG4 Examine the economic environment's influence on personal financial planning.

For older folks, the financial crisis of 2008-2009 is fresh in our memory. To the student of 2024, that crisis is more of history than life. The stock market decline of 2022 and the economic impact of the pandemic will be of more interest to the students. If you can share a war story on how you were personally impacted, it will help bring the impact of the world economy on financial plans to life. The book speaks about how to manage this type of crisis, but you had to go through it to really understand the impact it had.

My story is that I lost one-third of the value of my IRA in March 2022, because of my inaction. I should have paid more attention.

The value of professional advice is greatly understated. If by talking to a professional you can prevent making a mistake -- that can be of great value. Section 1-3e speaks to the use of professional financial planners. Exhibit 1.9 lists out the various certifications that planners have.

Economic or business cycles are real. Perhaps the most useful thing about the cycles is the knowledge that if things are bad, you know they will get better. Of course, when life is good, you know that the bad cycle will come around again. Thus, financial planning requires saving in the good times for the bad times. See the "Test Yourself" question 1-17 for a short discussion of business cycles. Also Exhibit 1.11 focuses on the up and down of the cycle.

The power of compounding is rarely understood. Exhibit 1.8 shows how the amount $10,000 will grow over time. The longer the investment stays invested, the greater the amount – the power of compound interest.

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LG5 Evaluate the impact of age, education, and geographic location on personal income.

Exhibit 1.12 says it all.

LG6 Understand the importance of career choices and their relationship to personal financial planning.

Exhibit 1.13 shows that the choice of a college major has a financial impact. Of course, money cannot buy happiness, but having a bit helps. If you really want to be an elementary school teacher, you must recognize that you will not have as much wealth as a lawyer or financial analyst.

The summary of the learning goals at the end of the chapter should aid the student in reviewing the chapter when exam time comes. It will be useful to point out to the student how to use this material.

KEY TERMS

average propensity to consume	The percentage of each dollar of income, on average, that a person spends for current needs rather than savings.
consumer price index (CPI)	A measure of inflation based on changes in the cost of consumer goods and services.
contraction	The phase of the economic cycle when real GDP falls.
expansion	The phase of the economic cycle when levels of employment and production are high and the economy is growing, generally accompanied by rising prices for goods and services.
financial assets	Intangible assets, such as savings accounts and securities, that are acquired for some promised future return.
financial goals	Results that an individual wants to attain, such as buying a home, building a college fund, or achieving financial independence.

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flexible-benefit (cafeteria) plan	A type of employee benefit plan wherein the employer allocates a certain amount of money and then the employee "spends" that money for benefits selected from a menu covering everything from childcare to health and life insurance to retirement benefits.
goal dates	Target dates in the future when certain financial objectives are expected to be completed.
gross domestic product (GDP)	The total of all goods and services produced in a country; used to monitor economic growth.
inflation	A state of the economy in which the general price level is increasing.
money	The medium of exchange used as a measure of value in financial transactions.
peak	The phase of the economic cycle when an expansion ends and a contraction begins.
personal financial planning	A systematic process that considers important elements of an individual's financial affairs in order to fulfill financial goals.
professional financial planner	An individual or firm that helps clients establish financial goals and develop and implement financial plans to achieve those goals.
standard of living	The necessities, comforts, and luxuries enjoyed or desired by an individual or family.
tangible assets	Physical assets, such as real estate and automobiles, that can be held for either consumption or investment purposes.
trough	The phase of the economic cycle when a contraction ends and an expansion begins.

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utility The amount of satisfaction received from purchasing certain types or quantities of goods and services.

wealth The total value of all items owned by an individual such as savings accounts, stocks, bonds, home, and automobiles.

CHAPTER OUTLINE

I. The Rewards of Sound Financial Planning
- A. Improving Your Standard of Living
- B. Spending Money Wisely
  - 1. Current Needs
  - 2. Future Needs
- C. Accumulating Wealth

Test Yourself

II. The Personal Financial Planning Process
- A. Steps in the Financial Planning Process
- B. Defining Your Financial Goals
  - 1. The Role of Money
  - 2. The Psychology of Money
- C. Money and Relationships
- D. Types of Financial Goals
- E. Putting Target Dates on Financial Goals
  - 1. Long-term Goals
  - 2. Short-term Goals and Intermediate Goals

Test Yourself

III. From Goals to Plans: A Lifetime of Planning
- A. The Life Cycle of Financial Plans
- B. Plans to Achieve Your Financial Goals
  - 1. Asset Acquisition Planning
  - 2. Liability and Insurance Planning
  - 3. Savings and Investment Planning
  - 4. Employee Benefit Planning
  - 5. Tax Planning
  - 6. Retirement and Estate Planning
- C. Special Planning Concerns
  - 1. Managing Two Incomes
  - 2. Managing Employee Benefits
  - 3. Managing Your Finances in Tough Economic Times
  - 4. Adapting to Other Major Life Changes

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D. Technology in Financial Planning
E. Using Professional Financial Planners
F. Types of Planners
G. Choosing a Financial Planner
Test Yourself

VI. The Planning Environment
A. The Players
1. Government
a. Taxation
b. Regulation
2. Business
3. Consumers
B. The Economy
1. Economic Cycles
2. Inflation, Prices, and Planning
Test Yourself

V. What Determines Your Personal Income?
A. Demographics and Your Income
B. Your Education
C. Where You Live
D. Your Career
E. Planning Your Career
Test Yourself

Summary
Key Terms
Applying Personal Finance
Watch Your Attitude!
Financial Planning Exercises
Critical Thinking Cases
1.1 Theo's Choice: Personal Finance or Golf?
1.2 Logan's Looking for a New Job

FINANCIAL FACTS OR FANTASIES?

These may be used as a quiz or as a pre-test to get the students interested. The questions are in the power points slides, three questions per slide. Or you can copy the questions to a separate file and print them for distribution to class.

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1. An improved standard of living is one of the payoffs of sound personal financial planning.

2. A savings account is an example of a tangible asset because it represents something on deposit at a bank or other financial institution.

3. Personal financial planning involves translating personal financial goals into specific plans and arrangements that put these plans into action.

4. Over the long run, gaining only an extra percent or two on an investment makes little difference in the amount of earnings generated.

5. Inflation generally has little effect on personal financial planning.

6. Your income level depends on your age, education, and career choice.

Answers:
1. True 2. False 3. True 4. False 5. False 6. True

Discussion Activity: Jasper Cuts Back on Lunch Out and Lattes (PPT slide 33)

Jasper buys lunch out most days and buys a latte every morning. At $6 per latte, this costs him $42 per week or $168 per month. Jasper is considering cutting back to only two lattes per week. This would reduce his cost to $48 per month. This would still allow him the comfort of two lattes each week. But Jasper wonders if this savings of $30 per week cost is significant enough to bother with.
If Jasper invests his $30 savings a week every month at 5 percent, he will have the following in the future:
20 years: $49,324
30 years: $99,871
40 years: $183,122

So, the seemingly small act of reducing his latte purchases to two a week would have a dramatic long-term effect on Jasper's future accumulated wealth.

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You Can Do It Now

The "You Can Do It Now" cases are primary for the student. They may be used in class to start a discussion of the topic. They will help make the topic more real or relevant to the students. In most cases, it will only take about five minutes of class time.

List Your Financial Goals

Yogi Berra summed it up: "If you don't know where you're going, you might not get there." And so, it is with your financial goals. Pick up some paper now and start a list of your financial goals. Maybe it's as simple as saving $50 by the end of the month or as lofty as saving $500,000 for retirement by the time you're 50. You'll never achieve your goals if you don't know what they are, much less know whether they're realistic. Go ahead and dream. List your goals (short-term, intermediate, and long-term) and start laying out how you'll get there. **You can do it now**.

Start Building an Emergency Fund

What would happen if you lost your job, got hurt, or had an unexpected big expense? Even if you're not making much money now, you could start building an emergency fund by putting aside even $50 a month. As this chapter points out, your goal is to eventually set aside enough to last at least 6-month. Considering the risk of not doing so, **you can do it now**.

Recognize that YOU are Your Most Important Asset

Your greatest asset is YOU. So, it's important to build the value of your best asset by investing in your education and career. The amount you can consume, save, and invest is directly related to your earning ability. Consider that over an entire career, the average bachelor's degree holder will earn $2.8 million, which is about 84 percent more than what the typical high school grad earns. For additional motivating information, see the source of these statistics: Association of Public Land-Grant Universities, "How does a college degree improve graduates' employment and earnings potential?," (**https://www.aplu.org/our-work/4-policy-and-advocacey/publicuv...elor's%20degree,million%20more%20over%20otheir%20olifetime.**). It's so important to realize you're your greatest asset and act on it – **you can do it now**.

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APPLYING PERSONAL FINANCE

While similar to the "You can do it now" activities, the Applying Personal Finance projects are longer and more involved activities the student can do to better understand personal finance. Generally, the project asked the student to disclose their personal information and data. As a homework assignment, the student will benefit from doing the assignment, but there are no right or wrong answers. Also, there will be a tendency to make up answers that sound good to the student.

If you choose to assign these projects, grading will be either check the student did something or not. Or, you could give an A, C, F for a good attempt, an attempt, or no attempt.

Taken seriously, the student will benefit from the project. As a graded project, it will be difficult to grade.

The Chapter 1 project takes the student to the Exhibit 1.4 and asks the student to examine their financial behavior. Weaknesses may be identified, and the student could change their behavior to be one that is more conducive to building a solid financial plan.

Watch Your Attitude!

Many people's attitude toward money has as much or more to do with their ability to accumulate

wealth as it does with the amount of money they earn. As observed in Exhibit 1.4, your attitude toward money influences the entire financial planning process and often determines whether financial goals become reality or end up being pipe dreams. This project will help you examine your attitude toward money and wealth so that you can formulate realistic goals and plans.

Use the following questions to stimulate your thought process.

a. Am I a saver, or do I spend almost all the money I receive?

b. Does it make me feel good just to spend money, regardless of what it's for?

c. Is it important for me to have new clothes or a new car just for the sake of having them?

d. Do I have clothes hanging in my closet with the price tags still on them?

e. Do I buy things because they are a bargain or because I need them?

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f. Do I save for my vacations, or do I charge everything and take months paying off my credit card at high interest?

g. If I have a balance on my credit card, can I recall what the charges were for without looking at my statement?

h. Where do I want to be professionally and financially in 5 years? In 10 years?

i. Will my attitude toward money help get me there? If not, what do I need to do?

j. If I dropped out of school today or lost my job, what would I do?

Does your attitude toward money help or hinder you? How can you adjust your attitude so that you are more likely to accomplish your financial goals?

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