

UNIT 2 REVIEW

Money Management & Financial Institutions

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Student Directions

- Answer all questions.
- You may respond in complete sentences or bullet points.
- Show your thinking using examples or explanations.
- Use these sentence starters if helpful:
 - "One reason is . . ."
 - "This matters because . . ."
 - "A better strategy would be . . ."

Topic 1: Financial Institutions & Services

1. Complete the chart.

Institution	One Key Feature (What makes it different?)	Best Use (When would someone choose it?)
Bank		
Credit Union		
Online Bank		

2. A student keeps all their money in a mobile payment app instead of a bank account.
 - a. Identify one possible risk.
 - b. Explain why this risk could be a problem.
3. A person uses a check-cashing service instead of opening a bank account.
 - a. Identify one drawback of this choice.
 - b. Explain whether this is a good long-term financial decision and why.
4. A bank raises interest rates on loans.
 - a. What happens to the cost of borrowing money?
 - b. How could this affect people who want to take out loans?
 - c. How might this impact people who are saving money?

Topic 2: Consumer Decision-Making

5. When making a purchase, people often follow a process.
 - a. List two steps someone should take before making a purchase.
 - b. Explain why one of these steps is important.
6. Choose ONE: advertising OR social media.
 - a. Describe how it can influence what people decide to buy.
 - b. Give one real-life example of this influence.
7.
 - a. In your own words, what is inflation?
 - b. What happens to purchasing power when prices increase?
 - c. Give one example of how this could affect a person's daily life.

8. A student wants to buy a trending item right away.
 - a. What is one thing the student would give up (opportunity cost) by buying the item?

 - b. What is one possible long-term effect of this decision?

 - c. Suggest one strategy or rule the student could use to make a better decision.

9. Give one example of how a purchase decision could affect:
 - a. personal well-being

 - b. society OR the environment

Topic 3: Budgeting & Cash Flow Management

10.a. In your own words, what is a budget?

b. In your own words, what is cash flow?

11. Classify each expense and explain your thinking.

Item	Fixed or Variable?	Why?
Rent		
Groceries		
Streaming Service Subscription		

12. A person has:

- Monthly income: \$2,000
- Monthly expenses: \$2,150

a. Calculate the monthly cash flow: _____

b. Is this a surplus or a deficit? _____

c. Explain one problem this situation could cause.

13. Rowan's monthly budget:

a. Add all expenses: _____

b. Calculate cash flow (Income – Expenses): _____

c. Is this a surplus or deficit? _____

d. Identify one concern about this budget.

Income	\$2,200
Rent	\$900
Food	\$300
Transportation	\$250
Entertainment	\$250
Savings	\$0
Miscellaneous	\$200

e. Suggest one change that could improve financial stability.

f. Suggest one system (such as automation or a budgeting rule) that could help Rowan stay on track.

g. Explain how this change would improve Rowan's financial stability.

- 14.a. Name one budgeting tool (app, spreadsheet, or method).
- b. Explain how it helps someone manage their money.
- c. Describe one type of person who would benefit from using it.

Topic 4: Saving & Financial Goal Setting

15. People save money for different reasons.

- a. Identify two reasons people choose to save.
- b. Explain why each reason is important.

16.a. In your own words, what does “Pay Yourself First” mean?

- b. Why is this strategy effective for helping people save consistently?

17. Saving money is not only about math—it is also about behavior.

- a. How can emotions OR peer pressure make it harder to save?
- b. Identify one personal trigger that could lead to overspending.
- c. Suggest one strategy to manage or avoid this trigger.

18. Create a simple saving plan.

- a. One short-term goal (something you want soon):

- b. One long-term goal (something you want in the future):

- c. One saving system you would use (example: automatic transfer, percentage rule):

- d. One strategy to help you stay on track (example: limiting impulse purchases, setting reminders):

Extended Response

19. Rowan:

- earns \$2,200 per month
- spends most of the money each month
- has no savings
- often makes impulse purchases

Use this information to answer the questions below.

- Identify one problem in Rowan's financial situation.
- Explain one financial risk Rowan may face if nothing changes.
- Suggest one change to Rowan's spending or budget that could improve the situation.
- Suggest one way Rowan could begin building savings.
- Identify one behavior Rowan should change to improve financial habits.
- Suggest one system (such as automation or a rule) that could help Rowan stay on track.