

# Introduction to Personal Finance

Read the introduction to personal finance below. Then work with the person sitting next to you to write down three reasons why it is important to study personal finance. Be prepared to share your answers with the class.

You may not know much about managing your money. And what you don't know could hurt you. All your life you will be spending, saving, borrowing, and investing. You will make economic decisions as a consumer, a worker, an investor, and a citizen. The choices you make at any point along the way will have major consequences for your future. What are some of those decisions?

- What occupation should I pursue?
- Should I go to college?
- Should I get a credit card?
- Are all credit cards alike?
- Should I start saving now or wait until I have a better job and a larger income?
- Should I invest in the stock market?
- What stocks or mutual funds should I invest in?

One of the most important lessons you will learn in studying personal finance is that incentives matter. So, what's the incentive for studying personal finance? For openers, what you learn might make you rich.

Achieving personal wealth involves planning and making sound financial choices—about getting an education, saving early and often, comparison shopping, developing a money-management plan, and shopping for the best loan. You might be surprised to know that most millionaires in this country did not get rich quick by winning the lottery or inheriting money from a relative. They became rich by making sound choices, including these.

- Getting a good education.
- Working long, hard, and smart.
- Learning to manage money to avoid unwanted debt.
- Saving early and often.
- Investing in the stock market for the long term.
- Gathering information and comparing the alternatives before making decisions.

Learning to make smart choices is not rocket science. It might take some work, but you can learn to do it. Your efforts now can have a big payoff later. How about starting on your first million bucks right now?

# The Millionaire Game

Read each statement and decide if it is true or false. Circle the correct response.

1. Most millionaires are college graduates. **True or False (circle one)**
2. Most millionaires work fewer than 40 hours a week. **True or False (circle one)**
3. More than half of all millionaires inherited their money. **True or False (circle one)**
4. Most millionaires attended private schools. **True or False (circle one)**
5. Most millionaires drive expensive new cars. **True or False (circle one)**
6. Most millionaires work in glamorous jobs, such as sports, entertainment, or high tech.  
**True or False (circle one)**
7. Most millionaires work for very large public companies. **True or False (circle one)**
8. The most common way to become a millionaire is by winning the lottery. **True or False (circle one)**
9. A college graduate earns almost double the annual income of a high school graduate.  
**True or False (circle one)**
10. If a high school graduate invests the difference between his or her earnings and the earnings of a high school dropout, from age 18 until age 67, at 8% interest, the high school graduate would have over \$5.5 million more than the high school dropout at age 67.  
**True or False (circle one)**
11. Investors who buy and hold stocks for the long term have better long-term stock returns than those who buy and sell stocks more frequently. **True or False (circle one)**
12. Millionaires tend to avoid investing in the stock market. **True or False (circle one)**
13. At age 18, you decide not to drink soda from the vending machine and save \$1.50 a day. You invest this \$1.50 a day at 8% interest until you are 67. At age 67, your savings from not buying soda from the vending machine are almost \$300,000. **True or False (circle one)**
14. If you save \$2,000 a year from age 22 to age 65 at 8% interest, your savings will be more than \$700,000 at age 65. **True or False (circle one)**
15. Millionaires tend to be single rather than married. **True or False (circle one)**

# The Millionaire Game Score Sheet

As a team, circle TRUE OR FALSE for each statement. For each correct answer, you will receive five points. For each incorrect answer, you will lose five points. For any five statements, you may circle Double Down. If your response is correct, you will receive 10 points. If your response is incorrect, you will lose 10 points.

1. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
2. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
3. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
4. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
5. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
6. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
7. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
8. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
9. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
10. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
11. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
12. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
13. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
14. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_
15. **True or False Score (-5 or +5)**  
(circle one) (Double Down -10 or +10) \_\_\_\_\_