



FINANCIAL LITERACY

Needs vs. Wants

What is a need?

- ▶ Something needed to survive

What is a want?

- ▶ Something you desire to have

Housing (rent or mortgage)

- Want

- Need

Cell phone for personal use

- Want

- Need

Cable and internet

- Want

- Need

Groceries

- Want

- Need

Second family vehicle for work

- Want
- Need

Clothes for fashion and fun

- Want
- Need

Three factors that can cause financial stress

- ▶ Gambling
- ▶ Compulsive shopping
- ▶ addictions

Life insurance

Whole vs. Term

Whole life often has lower policy amounts.
Term life often offers higher limits.

Whole life may build cash value that you can use later or adds to the death benefit payout.
Term life does not have a cash value.

Whole life has a set premium until it is paid in full.
Term life premiums can increase as you get older.

Whole life is a permanent life insurance as long as you pay your premiums on time.
Term life is purchased for a fixed period of time.

Auto insurance

Full coverage vs. Liability coverage

Full coverage policies cover damages to your property caused by you or others.

Liability coverage policies covers damage you cause to other people and their property.

Full coverage is mandatory if your vehicle is financed.

Liability coverage is mandatory in almost every state even if your vehicle is paid in full.

Health insurance

Employer offered vs. Private insurance

Employer offered insurance is often cheaper, has lower co-pays and deductibles and sometimes has better coverage.

Private insurance is normally more expensive, has higher co-pays and deductibles and limited in coverage to make the premium affordable.

The cost of employer offered insurance is sometimes shared by employee and employer.

Private insurance sometimes requires a physical and doesn't always cover pre-existing conditions.

Employer offered premiums are sometimes taken out of your paycheck before taxes which decreases your tax liability (income taxes).