

## Personal Management Merit Badge Worksheet

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### Part 1: Building a Foundation

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#### What is the primary purpose of creating a budget?

*Hint: Think about the main goal of budgeting.*

- To track investments
- To manage income and expenses
- To increase credit score
- To reduce taxes

#### Which of the following are considered sources of income? (Select all that apply)

*Hint: Consider various ways individuals can earn money.*

- Wages
- Dividends
- Taxes
- Scholarships

#### Explain the difference between a need and a want in the context of budgeting.

*Hint: Consider how each affects financial decisions.*

#### List two types of insurance and briefly describe their purpose.

*Hint: Think about common types of insurance people use.*

1. Type of Insurance 1

2. Type of Insurance 2

## Part 2: Comprehension and Application

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**How does a higher education level generally affect career opportunities?**

*Hint: Consider the relationship between education and job prospects.*

- It decreases job options
- It increases income potential
- It has no impact
- It guarantees job security

**Which factors can influence a credit score? (Select all that apply)**

*Hint: Think about what affects creditworthiness.*

- Payment history
- Length of credit history
- Types of credit used
- Amount of insurance coverage

**Describe how compound interest can impact savings over time.**

*Hint: Consider the effects of interest on interest.*

**If you receive a bonus at work, what is a financially responsible way to use it?**

*Hint: Think about long-term financial benefits.*

- Spend it all on a vacation
- Invest it in a diversified portfolio
- Purchase luxury items
- Ignore it and save nothing

**You have a budget surplus this month. What are some effective ways to use this surplus? (Select all that apply)**

*Hint: Consider options that enhance financial stability.*

- Increase savings
- Pay down debt
- Invest in stocks
- Buy unnecessary items

**Create a simple monthly budget for a student with a part-time job, including categories for income, savings, and expenses.**

*Hint: Think about typical income and expenses for a student.*

### Part 3: Analysis, Evaluation, and Creation

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**What is the potential risk of not diversifying an investment portfolio?**

*Hint: Consider the consequences of having all investments in one area.*

- Increased investment returns
- Greater exposure to market volatility
- Guaranteed financial security

- Lower tax liabilities

**Analyze the following scenarios and identify which involve poor credit management. (Select all that apply)**

*Hint: Think about behaviors that negatively impact credit scores.*

- Missing credit card payments
- Maintaining a low credit utilization ratio
- Opening multiple new credit accounts at once
- Regularly checking credit reports

**Analyze the impact of advertising on consumer choices and provide examples of how it can influence purchasing decisions.**

*Hint: Consider the psychological effects of advertising.*

**Which strategy is most effective for reducing debt?**

*Hint: Think about methods that prioritize debt repayment.*

- Making minimum payments
- Using a debt snowball method
- Ignoring debts
- Increasing spending

**Evaluate the following investment strategies and identify which are generally considered safe. (Select all that apply)**

*Hint: Consider the risk levels associated with different investments.*

- Invest in government bonds
- Day trading stocks
- Keeping money in a savings account
- Invest in a diversified mutual fund

**Propose a plan for incorporating charitable giving into a personal financial plan, considering both short-term and long-term goals.**

*Hint: Think about how to balance giving with financial stability.*

**Design a financial plan for a recent college graduate, including strategies for budgeting, saving, and investing. Provide a brief explanation for each component.**

*Hint: Consider the financial challenges faced by recent graduates.*

1. Budget Strategy

2. Saving Strategy

3. Investments Strategy