

## **(165) Personal Financial Management**

### **Description**

Members will answer objective questions dealing with concepts and perform calculations related to the financial topics of credit, savings, budgeting, investing, personal income tax, retirement planning, risk management, and insurance. Members will analyze financial scenarios to predict outcomes, advise use of financial instruments, and determine the proper financial planning.

### **Eligibility**

Any secondary division student member may enter this event.

### **Member must supply**

Sharpened No. 2 pencils, pens, ruler

Cordless calculator: Electronic *devices will* be monitored according to ACT standards. See [NLC Calculator Guidelines](#). Members who violate this rule will be *disqualified*.

Published and/or unpublished non-electronic written reference materials

**No equipment, supplies, or materials other than those specified for an event will be allowed in the testing area. No previous Business Professionals of America tests and/or sample tests or facsimiles thereof (handwritten, photocopied, or keyed) may be taken into the testing area. Violation of this rule will result in disqualification.**

### **Competencies**

- Identify government agencies charged with regulating financial institutions and investments and explain their role in doing so
- Identify the terms, cost, and regulation of credit
- Calculate interest on loans using both simple and compound methods
- Explain concepts related to personal income tax
- Identify agencies that produce credit scores and the factors used to determine the score
- Explain costs of bankruptcy
- Compare different types of retirement plans
- Analyze the need for retirement planning during different life phases
- Identify the four major types of insurances most people have during their lives
- List examples of events for which individuals will self-insure
- Determine factors that affect the cost of insurance and predict the effect of those factors
- Given different scenarios, calculate benefits received from an insurance policy
- Analyze advantages and disadvantages of different types of investments
- Calculate rates of return on different investments and speculate on the amount of risk each of the investments entails.
- Identify differences in preferred and common stock and calculate dividends for each
- Explain and predict movement of stock prices
- Identify and compare different types and categories of mutual funds
- Identify and compare types of both corporate and government bonds
- Given a set interest rate, explain how markets will determine the rates of return for short-term and long-term bonds
- Explain diversification as it relates to investing
- Identify ways that identity thieves can obtain someone's personal information and list actions an individual can take to protect personal information

**Method of evaluation**

Application and Objective Test - *Reference materials are allowed.*

**Length of event**

No more than sixty (60) minutes testing time

**Entries**

Each state is allowed five (5) entries

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