Teacher Answer Key

Case Study

1. She gave every dollar of her $600 a job before she spent it, using the 50/30/20 rule: $300 needs, $180 wants, $120 savings. Because savings came out first, she built an $800 emergency fund instead of spending the money on clothes and fast food.

2. She would have had to put the new phone on her credit card, which is exactly what the emergency fund let her avoid. That turns a one-time expense into a balance she would owe interest on until she paid it off.

Multiple Choice

1. C

2. D

3. A

Matching

1-C, 2-E, 3-B, 4-A, 5-D

Fill-in-the-Blank

1) 50/30/20, 2) Emergency, 3) Payday

Short Answer (Sample Responses)

Q1: Emergency funds prevent reliance on credit for unexpected expenses, helping to avoid debt.

Q2: Budgeting apps track spending, categorize expenses, and show where adjustments are needed.

Q3: Payday loans have high-interest rates; safer options include low-interest credit cards or borrowing from family.