

Mastering Finance





1.) How should one manage their personal finances?

2.) What are some good financial goals to have for the future?

3.) How would you deal with financial challenges, and how would you overcome them?

Preview



Investment

Allocating money with the expectation of earning a return or profit.

Preview

- 1 a. What types of investments are you familiar with?
- 2 b. How do you decide where to invest your money?
- 3 c. What are the risks and benefits of investing?

Sub-vocabulary: stocks, bonds, dividends



Interest

The cost of borrowing money, or the return on invested capital.

- 1 a. How does interest impact loans and savings accounts?
- 2 b. What factors affect the interest rates offered by banks?
- 3 c. Why is it important to understand compound interest?

Sub-vocabulary: APR, compound interest, principal

Credit

Borrowed money that must be repaid, usually with interest.

a. How do you establish and maintain good credit?

b. What are the consequences of having bad credit?

c. What factors determine a person's credit score?

Sub-vocabulary: credit score, credit report, credit utilization

Preview



THE 5 TYPES OF ASSET CLASSES



Equity

Stocks, Index Funds, ETF's, Mutual Funds



Bonds

Lending to the Government or a company



Cash

Bank account or paper money



Real Estate

Homes, Apartments, REIT's, Land



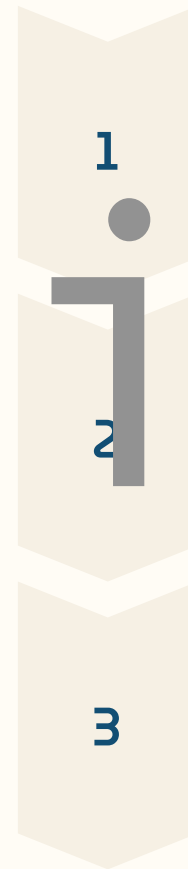
Commodities

Gold, Crude Oil, Corn, Cattle, Silver



Assets

Resources owned by an individual or organization that have value.



a. What are examples of assets you own?

b. How do assets contribute to your net worth?

c. Why is it important to diversify your assets?

Sub-vocabulary: real estate, stocks, vehicles



Liability

Financial obligations or debts owed by an individual or organization.

Preview

- 1 a. What are examples of liabilities?
- 2 b. How do liabilities impact personal or business finances?
- 3 c. What strategies can help reduce liabilities?

Sub-vocabulary: mortgage, credit card debt, loans

Profit

Preview
The financial gain obtained from business operations after expenses are deducted.

a. How is profit calculated for a business?

b. What are the factors that influence a company's profitability?

c. Why is profit important for businesses and investors?

Sub-vocabulary: revenue, net profit, profit margin

Expense

The cost incurred or amount spent on goods or services.

- What are examples of common expenses for individuals?
- How do businesses track and manage their expenses?
- What strategies can help reduce personal or business expenses?

Sub-vocabulary: fixed expenses, variable expenses, discretionary expenses

Preview



Revenue

Income generated from sales of goods or services.

a. How do businesses generate revenue?

b. What are the different sources of revenue for a company?

c. How can businesses increase their revenue?

Sub-vocabulary: sales revenue, advertising revenue, subscription revenue

Preview





Bankruptcy

A legal process where an individual or business is unable to repay debts and seeks relief from creditors.

Preview

a. What are the consequences of filing for bankruptcy?

1

2

b. How can individuals or businesses avoid bankruptcy?

c. What are the different types of bankruptcy?

3

Dividend

A portion of a company's profits distributed to shareholders as a return on their investment.

- 1 a. How are dividends paid to shareholders?
- 2 b. What factors determine the amount of dividends?
- 3 c. Why do investors value dividend-paying stocks?

Sub-vocabulary: dividend yield, dividend reinvestment, dividend payout ratio



Tax

Mandatory financial charges imposed by the government on individuals or businesses to fund public expenditures.



a. What types of taxes do individuals and businesses pay?



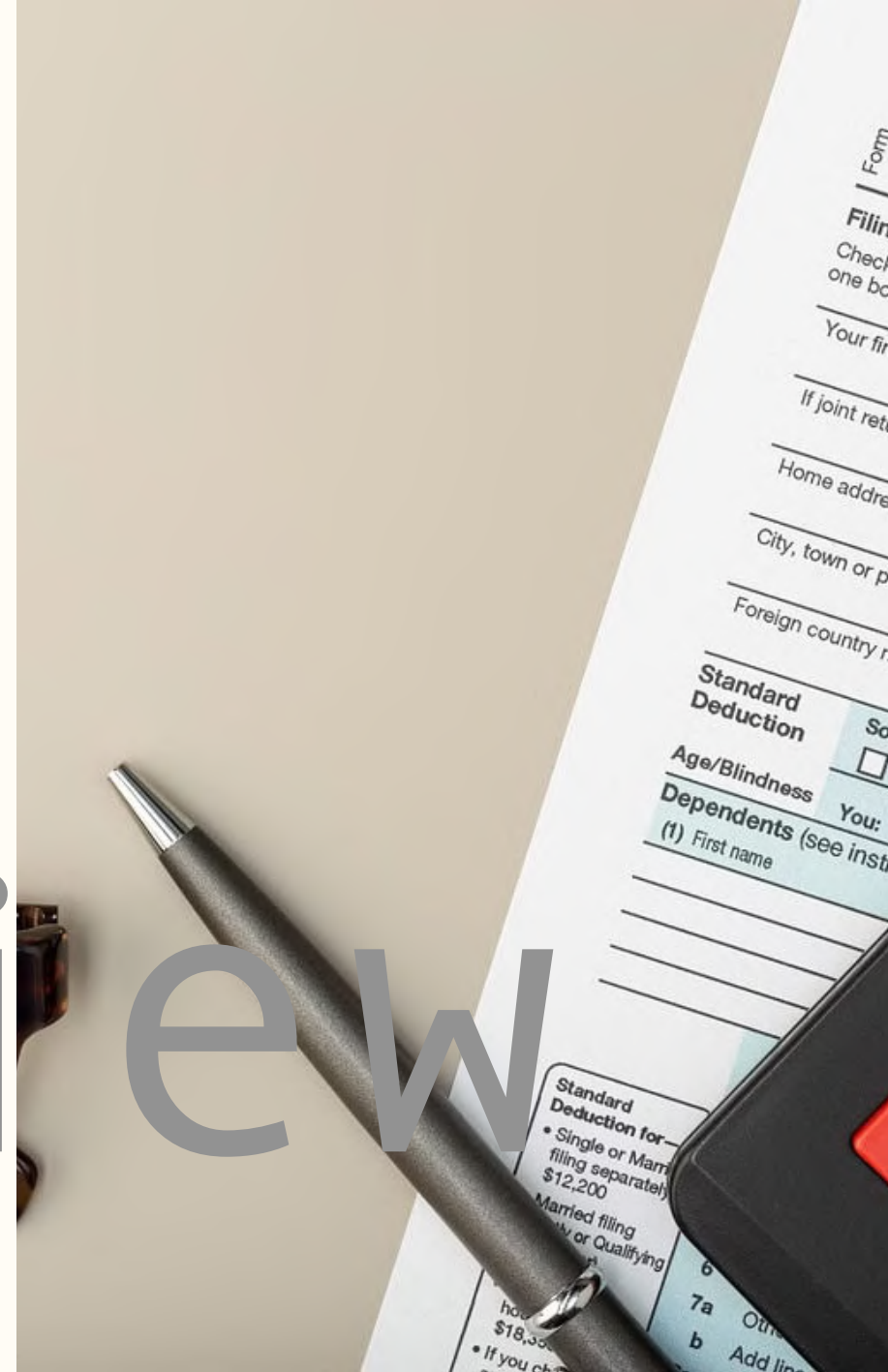
b. How do tax laws vary across different countries?



c. What are some common tax deductions and credits?

Sub-vocabulary: income tax, sales tax, property tax

Preview



Asset Allocation

The distribution of investments across various asset classes to optimize risk and return.

a. How do investors determine their asset allocation strategy?

b. What are the benefits of diversifying asset allocation?

c. How does asset allocation change based on an individual's risk tolerance?

Sub-vocabulary: portfolio diversification, risk management, asset class



Audit

A systematic examination of financial records, accounts, and processes to ensure accuracy and compliance.

1

a. Why do companies conduct audits?

2

b. What are the different types of audits?

3

c. How can individuals and businesses prepare for an audit?

Preview

Sub-vocabulary: internal audit, external audit, audit report



Financial Statement

A formal record summarizing the financial activities and position of a business or individual

- 1 a. What are the components of a financial statement?
- 2 b. How are financial statements used by investors and lenders?
- 3 c. Why are financial statements important for decision-making?

Sub-vocabulary: balance sheet, income statement, cash flow statement

Preview



Assessment

The evaluation or judgment of the financial health or performance of a business or individual.



a. How do you assess the financial health of a company?



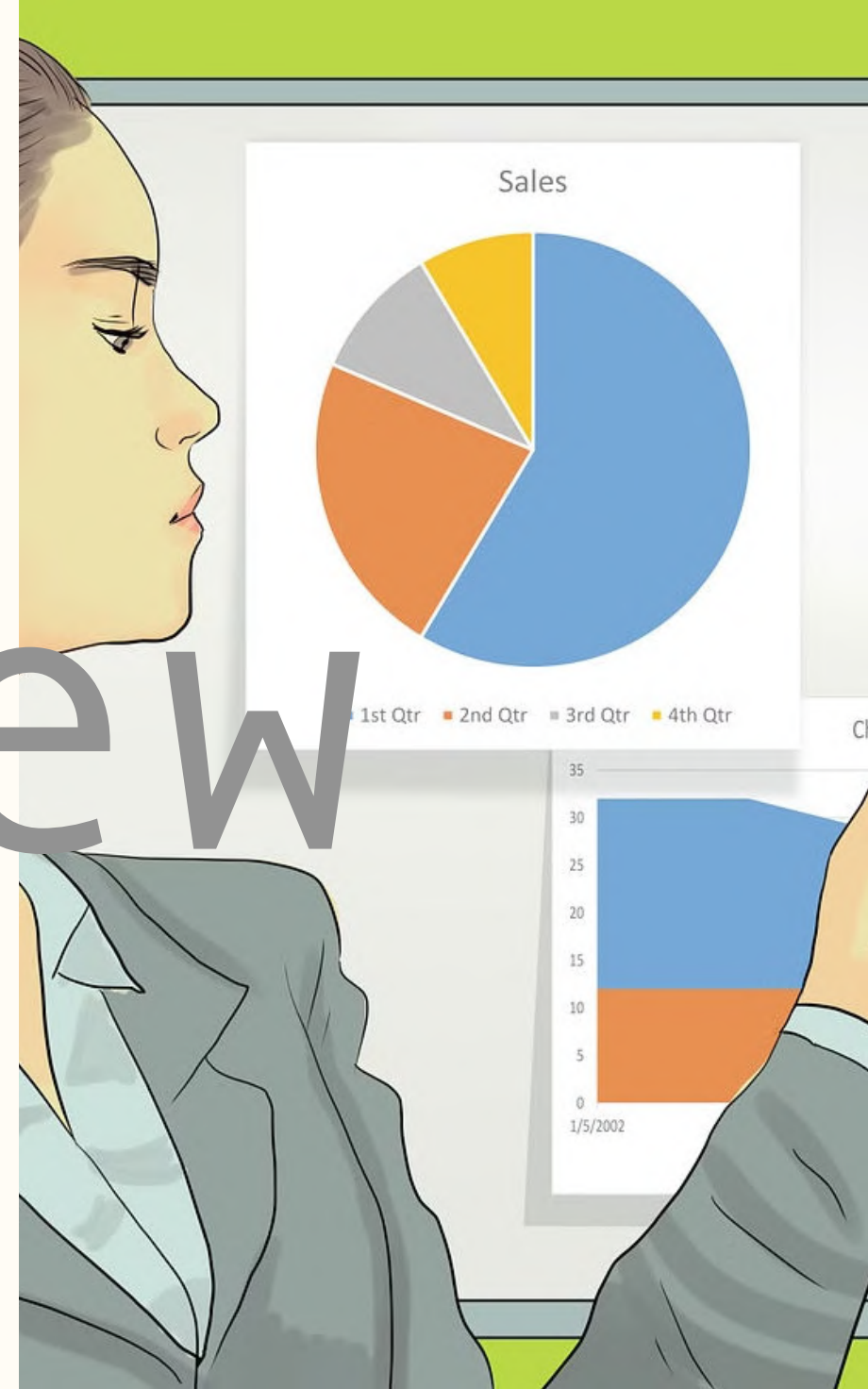
b. What factors are considered in a financial assessment?



c. Why is financial assessment important for planning and decision-making?

Sub-vocabulary: financial analysis, performance evaluation, risk assessment

Preview



Lesson Preview / Mastering Finance

vocabulary

1. **Investment:** Allocating money with the expectation of earning a return or profit.
2. **Interest:** The cost of borrowing money, or the return on invested capital.
3. **Credit:** Borrowed money that must be repaid, usually with interest.
4. **Assets:** Resources owned by an individual or organization that have value.
5. **Liability:** Financial obligations or debts owed by an individual or organization.
6. **Profit:** The financial gain obtained from business operations after expenses are deducted.
7. **Expense:** The cost incurred or amount spent on goods or services.
8. **Revenue:** Income generated from sales of goods or services.
9. **Bankruptcy:** A legal process where an individual or business is unable to repay debts and seeks relief from creditors.
10. **Dividend:** A portion of a company's profits distributed to shareholders as a return on their investment.
11. **Tax:** Mandatory financial charges imposed by the government on individuals or businesses to fund public expenditures.
12. **Asset Allocation:** The distribution of investments across various asset classes to optimize risk and return.
13. **Audit:** A systematic examination of financial records, accounts, and processes to ensure accuracy and compliance.
14. **Financial Statement:** A formal record summarizing the financial activities and position of a business or individual.
15. **Assessment:** The evaluation or judgment of the financial health or performance of a business or individual.

Questions

1.) How should one manage their personal finances?

2.) What are some good financial goals to have for the future?

3.) How would you deal with financial challenges, and how would you overcome them?

1. Investment:

- What types of investments have you considered or made in the past?
- How do you assess the risk associated with different investment opportunities?
- Can you describe a successful investment experience you've had?

2. Interest:

- How does interest affect your decisions about borrowing or saving money?
- What factors determine the interest rates offered by financial institutions?
- Have you ever negotiated interest rates on a loan or savings account?

3. Credit:

- What are some advantages and disadvantages of using credit?
- How do lenders evaluate an individual's creditworthiness?
- Have you ever faced challenges with managing credit card debt?

4. Assets:

- What are some examples of assets that individuals or businesses may own?
- How do you determine the value of an asset?
- Can you explain the concept of liquid assets versus fixed assets?

5. Liability:

- What are common examples of financial liabilities for individuals?
- How do you prioritize paying off different types of debts?
- Have you ever experienced the consequences of defaulting on a financial obligation?

6. Profit:

- How do businesses calculate their profits?
- What strategies can businesses use to increase their profits?
- Can you discuss a situation where a business's profit margin influenced its decisions?

7. Expense:

- How do you track and manage your personal or household expenses?
- What are some methods businesses use to control their expenses?
- Have you ever encountered unexpected expenses? How did you handle them?

8. Revenue:

- How do businesses generate revenue?
- What factors influence the revenue of a business?
- Can you share an example of a successful revenue-generating strategy?

9. Bankruptcy:

- What are some common reasons individuals or businesses file for bankruptcy?
- How does bankruptcy affect creditors and debtors?
- Have you ever known someone who went through the bankruptcy process?

10. Dividend:

- Why do companies pay dividends to shareholders?
- How do investors use dividends as part of their investment strategy?
- Can you describe a situation where dividends influenced your investment decisions?

11. Tax:

- How do taxes impact personal finances and business operations?
- What are some common types of taxes levied by governments?
- Have you ever sought professional advice to minimize your tax liability?

12. Asset Allocation:

- Why is asset allocation important for investors?
- What factors influence your decision when allocating assets in your investment portfolio?
- Can you discuss the concept of diversification in asset allocation?

13. Audit:

- Why do businesses undergo audits?
- What are some key objectives of an audit?
- Have you ever participated in or witnessed an audit process?

14. Financial Statement:

- What are the primary components of a financial statement?
- How do stakeholders use financial statements to make decisions?
- Can you interpret a financial statement to assess the financial health of a business?

15. Assessment:

- How do you assess your financial status and progress?
- What tools or metrics do you use for financial assessment?
- Can you describe a situation where financial assessment led to changes in your financial strategy?