

Personal finance assignment

Business



The person with the greatest understanding of finances should be in . Take turns paying the bills on a rotating basis. d. Pay bills together. It should be a family affair. 4. What are the consequences of withdrawing money from a 529 plan to pay for expenses not associated with higher education? a. You must replace any withdrawals within 60 days or pay a 25% federal penalty tax. b. You must pay income taxes on the earnings as well as a 10% federal c. You may incur a tax if you withdraw more than half of the account. d.

There are no penalties as long as your adjusted gross income is below 110, 000 (for a single filer) or \$220, 000 (for joint filers). 5. An accurate description of a 529 plan is: a. a retirement savings plan offered by employers that allows you to save up to \$17, 000 a year tax-deferred b. a tax-advantaged plan that allows anyone, regardless of income, to save for future college expenses c. a custodial account that adults can set up for children with the child as owner d. a retirement plan offered by nonprofit employers similar to a 401 (k) 6.

Which of the following best describes the Federal Direct PLUS loan? . A need-based loan that lets you borrow up to the full cost of tuition, minus any financial aid that you receive b. A need-based federal loan with a lower, variable rate for those with high credit scores c. A \$5, 500 maximum annual loan with a fixed rate of just 3. 4% d. A loan available to people of all income levels that allows a parent to borrow up to the full cost of attending college, minus any financial aid your child receives 7.

After paying off debt and establishing an emergency fund, your top savings priority should be which of the following? a. Saving for retirement b. Saving for

your child's college education c. Saving for a down payment on a house d. Saving for a vacation 8.. If your child receives a gift of money, you should: a. let your child spend it as she wishes, since it is her money b. make your child save it for college c. teach your child to spend 10%, give away 10% and save 80% d. encourage your child to spend 90% and save 10. According to Suze, under what circumstances might you consider