

Personal Finance Study Guide

From Simple Studies, <https://simplestudies.edublogs.org> & @simplestudiesinc on Instagram

This study guide will help you understand how to manage life beyond high school and college with obtaining a job, completing tax forms, investments, insurance, and much more.

The content this guide will go over are as follows:

- Career
 - Career versus Job
 - Career Research
 - Job Application
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Career: Career versus Job

What is the difference between a career and a job? A **career** is a commitment to a profession which requires continued training and offers a clear path for growth. A **job** is simply an employment. A few factors that influence job opportunities are population, labor force, and the demand of goods and services. An example of the difference of career and job is that the District Chair position is a job while Education is a career.

Education Training

Professional Degree (PhD) takes the longest amount of time and varies depending on the speciality.

- Optometrists
- Physicians
- Lawyers
- Pharmacists
- Occupational Therapists

Doctorate Degree takes for four to six years beyond an undergraduate degree.

- Clinicians
- Counseling
- Post Secondary Teaching

Master's Degree takes two years beyond an undergraduate degree.

- Physical Therapist
- School Counseling
- Substance Abuse Counseling
- Occupational Therapist

Bachelor's Degree takes four years after high school

- School teacher
- Accountant and auditors
- Computer Software Engineers

Associate's Degree takes two years after high school

- Dental Hygienists
- Physical Therapist Assistant
- Paralegal and Legal Assistants

Post Secondary Vocational Award

- Nursing aides and orderlies
- Hairdresser and cosmetologists
- Emergency medical technicians

Career Research

There are many factors within picking a career path that should be considered so conducting research is highly significant. Salary, education, requirements, and so on, so forth. The *U.S. Bureau Of Labor Statistics Occupational Outlook Handbook* provides excellent information that can be used to make you more familiar with the career path. The University of Arizona's Family Economics and Financial Education provides worksheets that have questions to help see if this career path is the path for you.

Earnings

- What is the average salary/average earning for the job within this career that best fits your interest?
- Identify two factors that could affect your earning amount.

Training and other qualifications required

- What kind of education do you need to obtain in order to pursue this career?
- Do you need any special licensing and/or certificates to work?
- Are there any opportunities to advance in this career?
- What two qualities are important for someone to work in this career?

Nature of Work

- List out five tasks a person in this career would perform on a usual day
- List out three different working conditions characteristics in this career

Job Outlook

- Roughly how many people are in this position?
- How many job opportunities should be available in the future?

Related Occupations

- What are some related career choices?

Personal Assessments

- Name three personal advantages in this career
- Name three personal disadvantages in this career
- Find an additional resource to find more information about this career
- Is this career path a possibility? Why or why not?
- As of right now, is there anything you can do that can help you prepare for this job?

Job Application

A job application is a written request for employment typically on a specific form provided by the potential employer.

How does a job application work for both parties? To create a first impression on the employer, see if the applicant has committed a crime, and to collect a signature to verify the applicant.

How can you obtain a job application? You can go to the business in person, request an electronic copy through email, go on the company's website to fill out the application, or go to a community agency and search for companies in need of employees.

Completing

How should an applicant dress when going into a business to acquire a job interview? A person should dress professionally. If you identify as a male, a suit and tie is most common. If you identify as a female, a dress shirt or blouse along with a formal skirt that is not too revealing. If you do not identify as either sex, wear what you would wear for a formal event.

What are the advantages and disadvantages of applying on site? At home? If you apply at home, an advantage would be that there is no need to rush or waste time, but you risk making mistakes with grammar and using the wrong ink. If you apply on site, you can make sure you make no potential mistakes but you risk wasting so much of your time and the employer's time.

What should I have on my person if I apply on site? You need to have a black ink pen, an information sheet containing your previous employers, references, and information about your education.

What does N/A mean? Can I use other abbreviations on my application? N/A means not applicable; it's used when a question does not apply to you in any way. You cannot use any other abbreviations in case your employer does not understand the abbreviations.

Will I get penalized if I use false information on my application and people find out? Yes, you are not hired by the company and overall dismissed from getting the job.

Changing Jobs

What are two reasons someone may quit their job? Two reasons would be that their job could put the employee in danger/at risk in an unexpected way or they are no longer interested in their position anymore. Then there is the possibility of being fired from your position.

References

There are two types of references, **personal reference** and **professional reference**. A personal reference is given by someone who can give the employer a honest view of the applicant's personality and traits. People who can give a personal reference are former teachers and former coworkers. A professional reference is given by someone who had formerly supervised the applicant. People who can give a professional reference are former employers of the applicant.

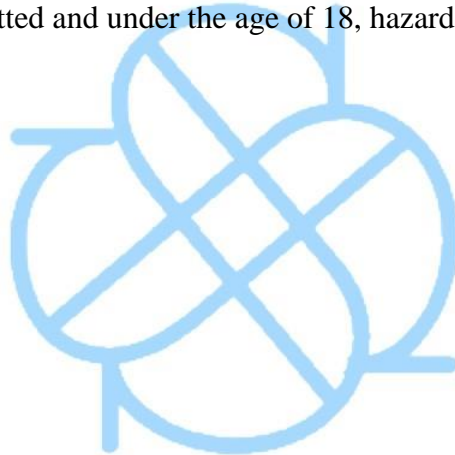
The Law

There are specific labor laws in place regarding minimum wages, salaries, discrimination, age, and so on, so forth.

What is minimum wage? Minimum wage is the federally mandated amount of money that employers must pay their employees regardless of their age or position. Minimum wage varies in amount depending what state you work in. In July of 2009, the federal minimum wage was \$7.25.

What are the labor laws based on age? 14-15? 16-17? 18?

The FLSA has set standardized minimum ages for employment. Under the age of 14, non agricultural jobs are not permitted and under the age of 18, hazardous occupations are not permitted.



Interview Questions

The interview will be filled with questions so it is best to be prepared to answer any questions the interviewer may have. The following questions are from The Balance Careers' website and they provide excellent answers to every question if you want to view them.

Questions About Your Education

- How would you select your college or university?
- How would you prepare for important tests or exams?
- What subjects did you like least? Why?
- Describe situations where you have used your leadership skills.
- Describe your most rewarding educational experience.
- If I were to ask your instructors to describe you in three words, what would they be?
- What was your biggest challenge as a student, and how did you handle it?
- Do you think that your grades are a good indication of your academic achievement?
- Did you prefer working independently or in groups on school projects?
- What extracurricular activities have you participated in?
- How has your education prepared you for a career?

Questions About Your Professional Work Experience

- Tell me about your work experience. How has it prepared you for a career?
- Have you accomplished something you're proud of at work?
- What major problems have you encountered at work and how did you deal with them?
- What have you learned from your mistakes?

Questions About Yourself

- How do you handle stress and pressure?
- How would you describe yourself?
- How do you think a friend or professor who knows you well would describe you?
- What motivates you?
- What accomplishments are you the most proud of? Why?
- Why should I hire you?
- What is your greatest weakness?
- What is your greatest strength?
- What do you see yourself doing five years from now?
- How do you plan to achieve your goals?
- What are you looking for in your next job? What is important to you?

Questions About The Company And Position

- What interests you about this job?

- Why do you want to work here?
- If you were hiring for this job, what qualities would you look for?
- What can you contribute to our company?
- What new ideas do you think you can bring to this company?
- In what kind of work environment are you most comfortable?
- How do you feel about working evenings and weekends?

Taxes

What are taxes? Taxes are a sum of money that is demanded by a government to support them. Taxes are paid by taxpayers and businesses to help fund governments.

How do you benefit from paying your taxes? Based on the principle “You are better off being in a community than by yourself.” Taxes help provide everyone in a community, including yourself, by helping fund projects such as housing, infrastructure, departments to help the community, law enforcement, and much more.

How do taxpayers pay their taxes? There are five types of taxes; **income tax, payroll tax, property tax, sales tax, and excise tax.** -**Income Tax** is a tax on earned and unearned income, earned income is money that came from working to get paid such as a job while unearned income is money that was received from sources besides through employment. -**Payroll Tax** is a tax withheld from employees which is paid by their employer on behalf of the employees each payroll period. -**Property Tax** is a tax on property value as calculated by millage rate, which is set by the local government. -**Sales Tax** is a tax set by local governments on most sales of goods and services. -**Excise Tax** is a tax set on goods other than the ones that are taxed by sales tax, notably tobacco, alcohol, and fuel.



Investing

Investing is the purchase of assets. People invest money to add to a sense of financial security. If done properly, you can earn a large sum of money that can help buy a new house, retire on time, provide for your family’s needs, and so on. But there are lots of vocabulary and actions that are needed to be learned in order to invest successfully.

Rate of Return The rate of return is the total return you receive from an investment that is shown as a percentage. Calculating your rate of return is quite simple. You divide the amount of money invested from the total return and you get your rate of return.

Investment Risk A rise in risk can result in increased or lost investments. A risk is “uncertainty on the outcome of a situation” while an investment risk is the “possibility that an investment will fail.”

Inflation “The risk in the rise in the general level in price.” Inflation risk is the risk of the money inflated would not be worth much or worth the risk. But inflation risk should almost never be a concern for you.

Types of Investment Tools

There are six investment tools that can help you in the long run of investments.

Stocks Shares of ownership of a company

Bonds Form of lending money to the company or government

Mutual Funds Funds that are created when a company decides to combine their funds

Index Funds Mutual funds that help reduce the fees by investing, typically encompassing wide industries.

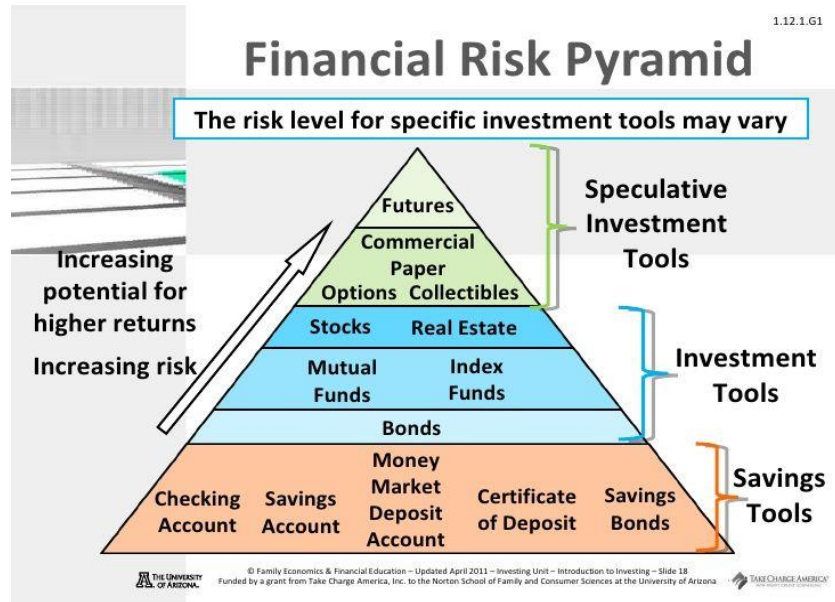
Real Estate Residential or commercial property

Speculative Investments Has the potential for fluctuation

Investment Philosophy

Each individual has their personal tolerance for the amounts of risks they are willing to take. This is known as investment philosophy. It is “an individual’s general approach into investment risk.” It is divided into three categories of risk, conservative (low), moderate (median), and aggressive (high).

Financial Risk Pyramid



Portfolio Diversification

Portfolio diversification is a method used to help assist with any investment risk reduction. This spreads the investment money amongst a wide array of different investment tools.

Buying and Selling Investments

What is a brokerage firm? A brokerage firm acts as a “buying and selling agent” for an investor(s). There are full service brokerage firms and discounted brokers. Discounted brokers give very limited information and resources for investors.

Taxation

What is a tax-sheltered investment? “A tax-sheltered investment will eliminate, reduce, defer, or adjust the current year’s tax liability.”

What is an employer-sponsored investment account? An employer-sponsored investment account is a type of tax-sheltered investment that has money automatically taken out of the employee’s paychecks.

Introduction to Investing Vocabulary List

	TERM	DEFINITION
1	Bond	A form of lending to a company or the government (city, state, or federal)
2	Dividend	The share of profits distributed in cash
3	Financial risk pyramid	Illustrates the trade-offs between risk and return for a number of saving and investing tools
4	Index	A group of similar stocks and bonds
5	Index fund	A mutual fund that was designed to reduce fees by investing in the stocks and bonds that make up an index
6	Inflation	The rise in the general level of prices
7	Inflation risk	The danger that money won't be worth as much in the future as it is today
8	Investing	The purchase of assets with the goal of increasing future income
9	Investment philosophy	An individual's general approach to investment risk
10	Investment risk	The possibility that an investment will fail to pay the expected return or fail to pay a return at all
11	Market price	The current price that a buyer is willing to pay for stock
12	Maturity date	The specified time in the future when the principal (or initial investment) amount of the bond is repaid to the bondholder
13	Mutual fund	Created when a company combines the funds of many different investors and then invests that money in a diversified portfolio of stocks and bonds
14	Portfolio diversification	Reduces risk by spreading investment money among a wide array of investment tools
15	Rate of return	The total return on an investment expressed as a percentage of the amount of money invested
16	Risk	The uncertainty regarding the outcome of a situation or event
17	Rule of 72	Allows a person to easily calculate when the future value of an investment will double the principal amount
18	Speculative investments	Have the potential for significant fluctuations in return over a short period of time
19	Stock	A share of ownership in a company
20	Stockholder or Shareholder	The owner of a stock
21	Tax-sheltered investments	Eliminate, reduce, defer, or adjust the current year tax liability

There are two types of IRA's (Individual Retirement Accounts), Roth IRA and Traditional IRA. The below chart explains the differences between both. Many people choose the Roth IRA since the capital deposited is post-tax, which means money in the Roth IRA grows without having to be taxed at Retirement.

Roth IRA	Traditional IRA
Contribution limit	
2018: \$5,500 (\$6,500 for those age 50 and above). 2019: \$6,000 (\$7,000 for those 50 and above).	
Key pros	
<ul style="list-style-type: none"> • Qualified withdrawals in retirement are tax-free. • Contributions can be withdrawn at any time. 	<ul style="list-style-type: none"> • If deductible, contributions lower taxable income in the year they are made.
Key cons	
<ul style="list-style-type: none"> • No immediate tax benefit for contributing. • Ability to contribute is phased out at higher incomes. 	<ul style="list-style-type: none"> • Deductions may be phased out. • Distributions in retirement are taxed as ordinary income.
Early withdrawal rules	
<ul style="list-style-type: none"> • Contributions can be withdrawn at any time, tax- and penalty-free. • Unless you meet an exception, early withdrawals of earnings may be subject to a 10% penalty and income taxes. 	<p>Unless you meet an exception, early withdrawals of contributions and earnings are taxed and subject to a 10% penalty.</p>



Stock Market

The stock market is a broad term that is used to describe all transactions involving the buying and selling of stocks/shares from a company. A stock is a shared piece of ownership of a share of a company. This market can be difficult to understand, with at least 7,000 companies you can buy shares from, a complex vocabulary list and identification list to understand, and so on. There are two categories of stocks, common stock and preferred stock,

Common Stock is the most typical stock to invest in. This stock refers to shares of ownership of public companies. Those who invest in common stock have one vote per share to determine company decisions along with the company's board of directors. There is a higher risk to invest in a common stock over a preferred stock.

Preferred Stock is the less common common stock to invest in. This stock refers to shares which will pay fixed dividends and have importance over common stock. Those who invest in preferred stock do not have any votes or anything to determine company decisions with the company's board of directors.

Common Stock Classifications

To help diversify an individual's stock portfolio, they must invest in varying stocks that fall into different categories. There are seven common stock classifications; growth, income, value, countercyclical, cyclical, speculative, and blue chip.

Growth Stocks from companies with a consistent record of relatively rapid growth/earnings in economic conditions. They are usually newer companies that expand their product line, retaining all income so they do not have to pay **dividends**. Income can be earned with an increase in market price and the **beta** is 1.5 or higher.

Income Stocks that pay higher dividends since the company decided to retain only a small portion of its profit. They attract investors who are more interested in receiving dividends/do not worry about selling stock at higher rates easily. Income can be earned steadily and the beta is less than 1.0

Value Stocks from companies which have a low market price considering their previous earning records/value of current assets. Often seen as investment bargains.

Countercyclical Stocks that are from companies with consistent returns even when the economy is not doing too well. They attract investors who are looking at receiving dividends. The beta is 1.0 or below, and can reach the negatives.

Cyclical Stocks that are greatly impacted by changes in the economic business cycle. For example, if the economy is doing poorly, so are the stocks. Companies with these stocks operate on major consumer needs and the beta is generally at 1.0.

Speculative Stocks from companies with potential substantial earnings in the near future. Buying these stocks are a very high risk but profit tremendously if the company grows. These companies have spotty records of earnings patterns. But can become growth stocks eventually like Microsoft. The beta is 2.0 or higher.

Blue Chip Stocks from nationally recognized companies that dominate the industry, often receiving revenue up to 1 billion dollars annually. They have long records of profits, dividends, and successful company management. While they are more expensive, they are less risky since they grow at a constant rate positively.

Researching Stocks

There are four measures to take in order to properly research stocks. They are book value, earnings per share (EPS), price/earning ratio (P/E Ratio), and beta.

Book Value The net worth of the company. To determine the book value, subtract the company's liabilities from it's assets. (Assets - Liabilities = Book Value)

Earnings Per Share How much income a company has to pay in dividends, reinvest, and retained earnings on a per share basis. (After tax annual earnings / # of shares of common stock = EPS)

Price/Earning Ratio The relationship between the price of a share of stock and annual earnings of the company. To determine the P/E Ratio, divide the earnings of the stock from the price per share (Price per Share / Earnings of the stock = P/E Ratio)

Beta The measure of a stock volatility compared to the changes from the stock market. To find the beta of a stock, do an internet search for "company ticker symbol + beta" since it cannot be calculated.

STOCK MARKET TERMINOLOGY

Term	Definition
Stock Market	A general term used to describe all transactions involving the buying and selling of stock shares issued by a company.
Stock	A share of ownership in the assets and earnings of a business.
Stock Certificate	The piece of paper a shareholder receives representing their ownership of a stock.
Portfolio Diversification	An individual who has a variety of investments tools to decrease risk.
Investment Risk	The uncertainty about the outcome of an investment.
Rate of Return	The increase or decrease in the original purchase price of an investment.
Common Stock	Shares or units of ownership in a public corporation. The shareholder has voting rights in the corporation.
Stock Split	Shares owned by existing stockholders are divided into a larger number of shares.
Dividends	Distributions of earnings paid to stockholders.
Preferred Stock	Shares which pay fixed dividends and have precedence over common stock.
Par Value	The fixed value stated on a preferred stock certificate which indicates the dividends which will be paid to the shareholder.
Market Price	The amount a willing buyer will pay a willing seller for a stock.
Growth Stock	A stock from a company which has a consistent record of relatively rapid growth and earnings in all economic conditions.
Income Stock	A stock which pays higher than average dividends because the company chooses to retain only a small portion of the profits.
Value Stock	Stock from a company which has a low market price considering historical earning records and value of current assets.
Countercyclical Stock	Stock from a company which gives consistent records of returns even when the economy is suffering because their product is always in demand.
Cyclical Stock	A stock which is greatly influenced by changes in the economic business cycle.
Speculative Stock	A very high risk stock from a company with potential for substantial earnings in the future.
Blue Chip Stock	Stock from nationally recognized companies which dominate the industry often having annual revenue of \$1 billion or more.
Book Value	Net worth of a company.
Earnings Per Share	How much income a company has available to pay in dividends and reinvest as retained earnings on a per share basis.
Price/earning Ratio	Relationship between the price of one share of stock and the annual earnings of the company.
Beta	A measure of a stock's volatility compared to changes in the overall stock market.
Year to Date	Stock price percent change from January 1 st .
52 Week High	The highest price a stock was sold for in the past 52 weeks.
52 Week Low	The lowest price a stock was sold for in the past 52 weeks.
Stock Ticker Symbol	A stock's abbreviated trading symbol name.
Dividends per Share	Total cash paid to common stockholders per share.
Dividend Yield Percentage	The dividend expressed as a percentage of the price of the share.
Volume 100's	Number of transactions to the share on the reported day, represented in hundreds.

High Selling Price	Highest selling price of one share of stock from the previous day.
Low Selling Price	Lowest selling price of one share of stock from the previous day.
Close	The price of the last share sold for the day.
Net Change	Difference between the closing price of the share from the prior day and the current day.
Dow Jones Industrial	Oldest indicator of the ups and downs of the stock market. Lists the 30 leading industrial blue chip stocks.
Standard and Poor's 500 Index	Tracks the stock market activity for 500 stocks.
NASDAQ	Monitors fast moving technology and financial services stocks. Usually the companies are smaller and transactions occur over an electronic market.
Bear Market	The market is doing poorly and investors are not confident in the economy. Investors are not purchasing stocks and are selling what is already owned.
Bull Market	The market is doing well and investors are optimistic about the economy and purchasing stocks.
Broker	A person who is licensed to buy and sell stocks, provides investment advice, and collects a commission on each purchase or sale.
New York Stock Exchange	The oldest and largest exchange with the strictest company standards.
American Stock Exchange	The second largest exchange with less stringent requirements allowing for younger, smaller companies to be listed.
Regional Stock Exchange	Stocks traded to investors who are living in a specific geographical area.

Credit/Credit Reports

Having a credit card does not seem so complicated at first, you swipe or insert your card into a machine and can pay for goods and services, then get on with your day. But what does credit/having a credit card really mean? Credit is “when goods, services, or money is received in exchange for a sworn promise to pay a definite amount of money at a later date.” So when you use a credit card, you are not actually paying for what you were buying, you will get a bill with a list of items you used your credit card for and then you pay for those previous amounts.

Borrower Someone or an organization that will receive the money from lenders.

Lender Someone or an organization who has the resources that are needed to provide someone a loan of money.

Creditworthiness An individual’s ability to pay the money back from their loan.

Interest The worth/price of money

Closed-end Credit A loan in which the borrower must match the amount lent in full within equal payments

Open-end Credit An extended line of credit in which the borrower has more flexibility with making their payments

Credit Card Line of credit that can be used to purchase goods and/or services

Credit Limit The maximum amount of money that the card can be charged with.

Annual Percentage Rate (APR) The cost of credit that is expressed as a yearly interest rate with the credit card

Minimum Payment Roughly 2.5% to 5% of your credit amount in order to pay off interest for that month

Debit Card A plastic card that is directly connected to the card holder’s bank account

Credit Report A record of the individual’s credit and purchase history

Credit Score A number that represents the individual’s credit report

Advantages/Disadvantages of Using a Credit Card

Advantages

1. Convenient payment tool
2. Useful for emergencies
3. Having the ability to purchase “big ticket” items and goods
4. Help protect against fraud
5. Offers to help establish a positive credit score
6. Makes online shopping efficient and safe
7. Offers the chance of receiving bonuses

Disadvantages

1. Interest can rack up if the balance is not paid in full.
2. Possibly penalize the consumer
3. Can easily overspend
4. Risk of identity theft

Positive/Negative Credit Card Uses

Positive Credit Card Use

1. Paying card balances in full every month
2. Paying credit card bills when it is due
3. Apply for credit cards only if absolutely needed
4. Keep track of purchases and receipts in case of theft
5. Check monthly statements in case there are errors

Negative Credit Card Use

1. Making late credit card payments
2. Paying only the minimum payments
3. Exceeding your credit limit
4. Charging items on your card that cannot be paid off as soon as possible
5. Owning too many credit cards

Understanding Credit Reports

UNDERSTANDING CREDIT REPORTS NOTE TAKING GUIDE

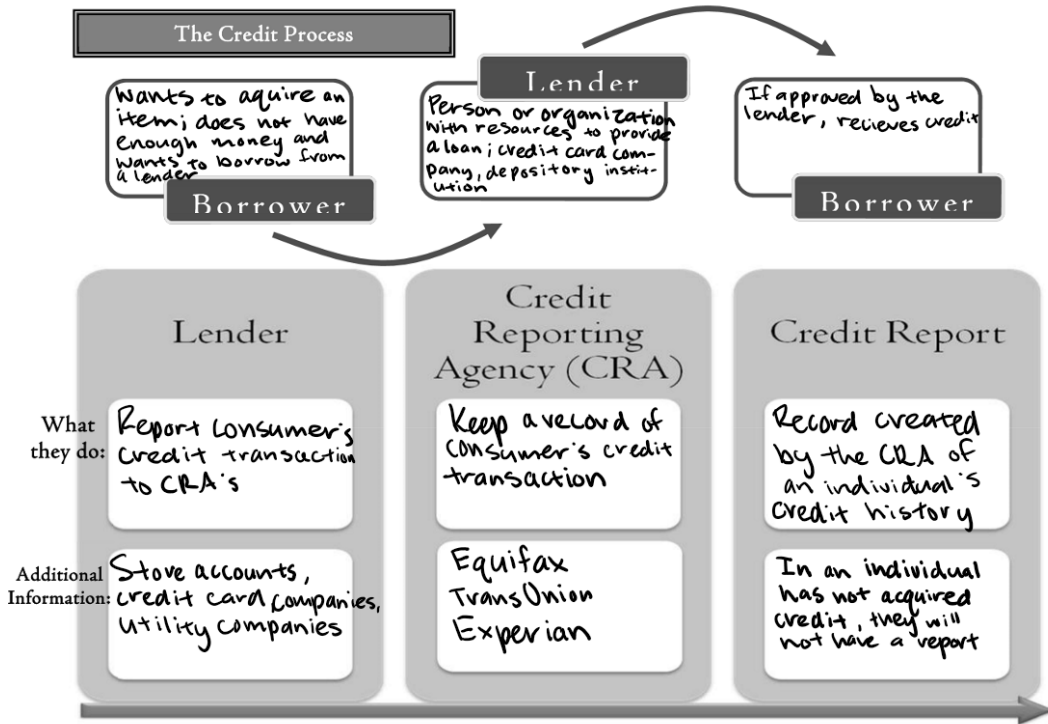
	Total Points Earned
59	Total Points Possible
	Percentage

Name _____

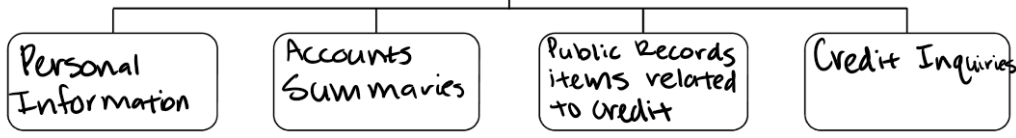
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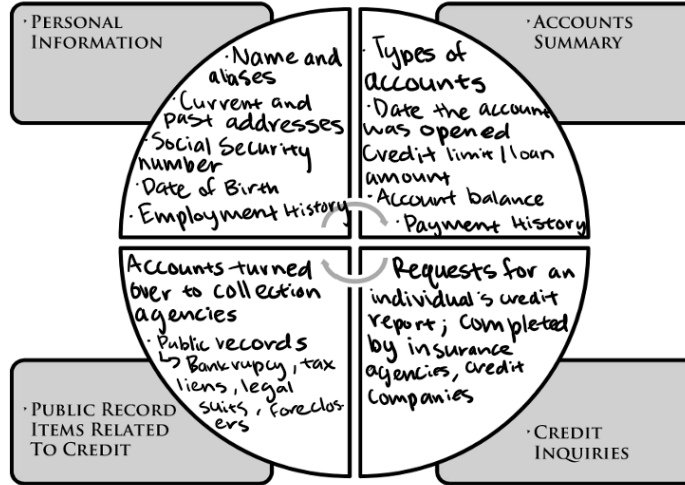
Credit is... When goods, services, and/or money are received in exchange for a promise to pay back a definite sum of money at a future date



INFORMATION ON A CREDIT REPORT CAN BE DIVIDED INTO FOUR CATEGORIES:



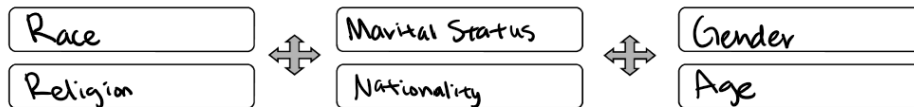
INFORMATION ON A CREDIT REPORT CAN BE DIVIDED INTO FOUR CATEGORIES



CREDIT INQUIRIES	IMPACT	SOFT CHECK	HARD CHECK
	EXAMPLES	<ul style="list-style-type: none"> Pre-employment checks Individuals checking their credit reports Credit card 	<ul style="list-style-type: none"> Permission given by the individual when seeking credit Credit Card Automobile loan Insurance

<p>Medical Information NOT Allowed on a Credit Report:</p> <ul style="list-style-type: none"> Where an individual was treated What they were treated for 	<p>Medical Information Allowed on a Credit Report:</p> <ul style="list-style-type: none"> Information regarding late medical payments
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EQUAL CREDIT OPPORTUNITY ACT PREVENTS DISCRIMINATION THE BASIS OF:



A credit score is:
 - Mathematical tool created to help a lender evaluate the risk associated with lending a consumer money
 - Based upon information in the credit report
 - Numeric "grade" of a consumer's financial reliability

Most common credit score scoring system:
FICO

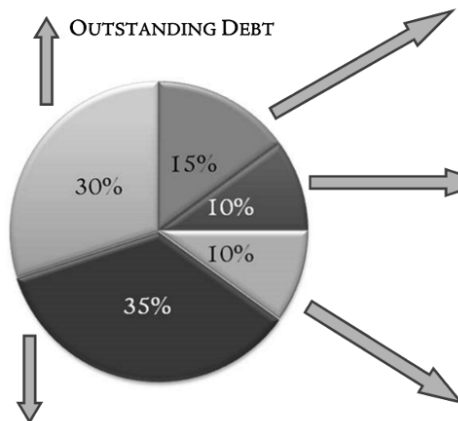
Range of scores is:
 300 850
 Low High

A FICO SCORE IS ONLY BASED UPON CREDIT USE!

DESCRIPTION	The total dollar amount of debt currently held (including all balances)
ADDITIONAL INFORMATION	When a high percentage of debt is used, then it negatively impacts a score

LENGTH OF CREDIT HISTORY

DESCRIPTION	Length of time a consumer has held credit accounts plus how long the account has been open
ADDITIONAL INFORMATION	Longer credit history = better credit score



PURSUIT OF NEW CREDIT

DESCRIPTION	Assess how many accounts have been opened recently
ADDITIONAL INFORMATION	Opening too many accounts in short amount of time has its negative affect

PAYMENT HISTORY

DESCRIPTION	The timely manner in which a consumer did or did not repay debt
ADDITIONAL INFORMATION	Was several

TYPES OF CREDIT IN USE

DESCRIPTION	Analyzes the types of credit in use
ADDITIONAL INFORMATION	Variety is good; C- cards,

Housing

Housing is an extremely large purchase that can take decades to fully pay off. Roughly a third of a person's income is spent on their housing. Choosing housing is an extensive process and has lots of factors needed to make the best decision. Goals, values, wants, and needs are high priority when it comes to the research and decision process.

Renting

There are three costs of renting; monthly rent, security deposit (money given to the owner of leasing property as proof the renter will move in and take care of the housing), and utilities (needs such as water and electricity). Tenants (renters) and Landlords (owners of the property) will discuss their lease, a legal contract between the tenants and landlord about living in the space, and rent, the cost of living on the landlord's property.

Advantages/Disadvantages of Renting

Advantages

1. Low move-in cost
2. Fixed monthly expenses (helps with budgeting)
3. Choice in location

Disadvantages

1. Rent may change with little to no notice
2. Less privacy
3. No deductions in for the tenants

Owning

Owning housing means that the buyer has purchased a housing unit as a part of their property. The recommended purchase price of housing for an individual is 2.5 times the amount they earn. The down payment of the house should be between 10% and 20%.

Advantages/Disadvantages of Owning

Advantages

1. Built up equity in the home
2. Has stable Mortgage payments
3. More room and storage

Disadvantages

1. Large down payments
2. Money being tied up to the house/property

Tenant/Landlord Laws

A set of laws and legal agreements for tenants and landlords about renting housing. In America, every state has a different set of tenant and landlord laws plus additional state laws. As well as all around the world, these laws can be different, but here are the ten overall tenant/landlord laws according to The U.S. Department of Housing and Urban Development (HUD).

- 1. Laws on Discrimination** How a landlord cannot reject tenants based on race, gender, sexuality, national origins, religion, etc.
- 2. Legal Lease Documents** Must discuss legal disclosures about responsibilities, communication, details about security deposits and clauses both parties agree on.
- 3. Laws about Required Disclosures** A landlord must disclose any important information about the property, facts about the rental, inform tenants about these laws, and possible hazards if there are any.
- 4. Laws about Providing a Safe Environment** Landlords must confirm that their property is safe to live in and are responsible for getting infestation control unless stated in the lease that it is the tenant's responsibility.
- 5. Laws about Making Repairs** Tenants are responsible for reporting any need of repairs that is outlined in the lease agreement while landlords are responsible for getting someone to perform the repairs.
- 6. Laws about Security Deposits** Tenants must pay a security deposit to their landlord to confirm that they will move in and cover damages caused by the tenant.
- 7. Laws about a Renter's Right to Privacy** Landlords must respect their tenant's right to quiet enjoyment and privacy. Landlords must give warning if they need to visit and discuss matters.
- 8. Laws about Abandoned Tenant Property** When the tenant moves out, the landlord must treat their property as abandoned property and notify the tenant how long they can stay, how to claim the property, etc.
- 9. Laws about Known Criminal Activity** If the landlord discovers that their tenant is participating in any criminal or illegal activity, the landlord must report to the authorities. The landlord must protect their tenants from illegal activity surrounding their area.
- 10. Laws about Safety Features** Landlords have their duty of protecting their tenants to a degree. In some places, landlords must provide certain safety measures such as fire detectors, fire extinguishers, front door peepholes, and more.

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