FLASHFEED STUDY GUIDE

Money 101

Study guide by FlashFeed

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flashfeedlearningapp.com

Money 101: study guide

A calm, beginner-friendly foundation for cash flow, banking, saving, credit, debt, taxes, insurance, retirement, and scam resistance in the United States.

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Pack version	0.1.35
Contents	10 lessons · 377 cards in the app · 104 self-test questions · 1 pictures
In the app	flashfeedlearningapp.com/packs/money-101

How to use this guide

Take one lesson at a time: read the study guide, then go over any key facts. Where a lesson has a self-test, try it from memory before you check the answer key at the back. Follow the Go deeper links when you want more.

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Contents

01	Money Foundations and Mindset	4
02	Budgeting and Cash Flow	9
03	Banking and Accounts	14
04	Saving and Emergency Funds	19
05	Credit and Credit Scores	25
06	Debt and Borrowing	30
07	Income and Taxes	35
08	Insurance and Risk	40
09	Retirement Foundations	46
10	Scams and Smart Consumer Skills	52
	Answer key	57
	Sources	64
	Image credits	66
	Useful links	67
	About FlashFeed	68

LESSON 1 OF 10

Money Foundations and Mindset

Behavior and Values · Your Financial Snapshot

WHAT YOU'LL BE ABLE TO DO

- Explain how values, habits, and financial friction shape money decisions without treating wealth as a measure of personal worth.
- Calculate net worth from a household's assets and liabilities and distinguish it from monthly cash flow.

Money is a tool for meeting needs, expressing priorities, and preserving options. It is not a score of personal worth. A useful financial system should reduce surprises and help you make deliberate tradeoffs, not demand perfect behavior.

Behavior and Values

Personal finance is partly arithmetic, but the arithmetic only matters when a plan can survive real life. Habits, friction, timing, emotion, family obligations, and irregular income all affect what people actually do. A plan that looks optimal on paper but is too brittle to follow is not a useful plan.

Start with values rather than products. Ask what you want money to protect or make possible: stable housing, time with family, a career change, generosity, health, travel, or independence. Values do not remove tradeoffs, but they make those tradeoffs easier to explain. Spending that supports a chosen priority can be intentional even when it is not strictly necessary.

A helpful beginner stance is curious rather than judgmental. Review past spending as evidence about the system you had, not as a moral verdict. Look for patterns: bills that arrive before income, subscriptions no longer used, convenience spending during stressful weeks, or a savings transfer that is scheduled too late. Change the environment—timing, defaults, reminders, and account structure—rather than relying only on willpower.

Money can buy options. Cash reserves can let you handle a repair, leave an unsafe situation, wait for a better job, or say no to expensive borrowing. That is why resilience often deserves attention before optimization.

Your Financial Snapshot

A financial snapshot has two views. **Net worth** is a point-in-time view: assets minus liabilities. **Cash flow** is a period-of-time view: money received minus money spent. A household can have positive net worth but poor monthly cash flow, or negative net worth while steadily improving its cash flow and debt balances.

Assets are things you own that have financial value, such as cash, investments, or a vehicle. Liabilities are amounts you owe, such as credit-card balances, student loans, or a mortgage. Net worth is useful for tracking direction, but it does not measure character and it does not reveal whether cash is available for this month's bills.

Create a simple snapshot before choosing tactics. List account balances, debts, recurring obligations, take-home income, and the dates money moves. Use approximate numbers if exact numbers would stop you from starting, then improve the record over time. The first goal is visibility.

This pack is educational and U.S.-centric. Tax, credit, insurance, and retirement rules can change, and individual decisions may require a qualified professional.

Key terms

Financial friction

Any obstacle that makes a helpful money action harder, or an unhelpful action easier, to take.

Liability

Money or another financial obligation that you owe.

Key facts

Systems Beat Shame

A useful plan changes defaults, timing, and friction. Shame may create urgency, but it rarely creates a durable financial routine.

What Money Should Protect

A values-based money plan starts with one question: what do you want your money to protect or make possible? Clarifying that purpose comes before choosing specific products or tactics.

The Net Worth Equation

Net worth equals assets minus liabilities. It is a tracking measure, not a grade on your life.

Two Different Views

Net worth describes a point in time. Cash flow describes money received and spent during a period, such as a month.

What Belongs in Cash Flow

A cash-flow view tracks money received and spent during a period, like take-home pay for the month — balance-sheet amounts belong to a different kind of snapshot entirely.

Negative Net Worth Isn't Permanent

Negative net worth is just a starting measurement, not a permanent identity or a verdict on cash flow — it's a point-in-time number that can improve as circumstances change.

> **Loan Balances Are Liabilities**
> An unpaid student-loan balance is a liability — an amount owed — which is why it's counted against assets rather than with them when figuring net worth.

Matched pairs

Each item on the left goes with the one on the right.

Values-based spending → Directing money toward priorities you have deliberately chosen

Asset → Something you own that has financial value

Step by step

Connect money choices to values

1. Name three things you want money to protect or enable
2. Choose one priority for the next three months
3. Identify one current expense that supports it
4. Identify one expense that competes with it
5. Change one automatic transfer, reminder, or spending rule

The goal is one useful adjustment, not a complete life redesign.

Create a one-page financial snapshot

1. List cash, investments, and other material assets
2. List each debt and its current balance
3. Subtract liabilities from assets
4. Record monthly take-home income
5. Record recurring bills, minimum debt payments, and typical flexible spending
6. Schedule a monthly update

Use reasonable estimates to begin, then replace them with statement balances.

Self-test

Answer each question from memory, then check your work against the answer key.

1. Which question best begins a values-based money plan?

(A) What do I want my money to protect or make possible?
(B) Which account has the most features?
(C) What purchase will look most successful?
(D) How can I copy a celebrity's budget?

2. A savings transfer repeatedly fails because it occurs before payday. What is the best first change?

- A Rely on willpower to spend less before payday
- B Move the transfer to just after payday
- C Pause saving until the budget is perfect
- D Increase the transfer amount

3. Which statement reflects a nonjudgmental review?

- A A perfect budget should never change
- B Every unplanned purchase proves irresponsibility
- C Past spending is evidence about the system and circumstances
- D Net worth determines personal value

4. Why can cash reserves create freedom?

- A They eliminate every future expense
- B They guarantee investment gains
- C They make insurance unnecessary
- D They preserve options when an unexpected need appears

5. Which approach is most likely to last?

- A A realistic plan with useful defaults and room to adjust
- B A plan based only on daily motivation
- C A plan that hides uncomfortable account balances
- D A mathematically perfect plan that cannot survive one surprise

6. Which statement about money is sound?

- A A useful plan demands perfect behavior
- B Saving should rely only on willpower
- C Money is a tool for meeting needs
- D Net worth measures a person's character

7. What does the lesson say net worth should NOT be treated as?

- A A point-in-time balance-sheet snapshot
- B A grade on someone's life or character
- C A number that can improve over time
- D The sum of assets minus liabilities

8. A household has $40,000 of assets and $55,000 of liabilities. What is its net worth?

- A Negative $55,000
- B Positive $40,000
- C Positive $15,000
- D Negative $15,000

9. Which item belongs in a monthly cash-flow view?

- A The remaining mortgage principal
- B The home's estimated market value
- C The current retirement-account balance
- D Take-home pay received this month

10. Which statement about negative net worth is most accurate?

- A It is a starting measurement that can improve over time
- B It should be hidden until all debts are gone
- C It proves a household can never recover
- D It means monthly cash flow must also be negative

11. Which is a liability?

(A) Shares held in a retirement account
(B) An unpaid student-loan balance
(C) A paid-off bicycle with resale value
(D) Cash in a savings account

12. Why track both cash flow and net worth?

(A) They replace the need to review account statements
(B) They guarantee a correct investment strategy
(C) They reveal different kinds of financial change
(D) They always move by exactly the same amount

Go deeper

LISTEN Lesson 1 episode 6:54 · FlashFeed Study Notes podcast

WATCH Money Isn't a Score 0:31 · YouTube
Money is a tool. It isn't a score of personal worth.

WATCH Net Worth vs. Cash Flow 0:31 · YouTube
A financial snapshot has two views.

WATCH Options in Reserve 0:28
What does a cash reserve actually buy? Options, when an unexpected need appears.

ONLINE This lesson on the web flashfeedlearningapp.com/study-guides/money-101/money-foundations-and-mindset

STUDY Money 101 in the FlashFeed app flashfeedlearningapp.com/packs/money-101

LESSON 2 OF 10

Budgeting and Cash Flow

Map the Money · Choose a Spending Plan

WHAT YOU'LL BE ABLE TO DO

- Classify gross vs. take-home income, and recognize a predictable irregular expense.
- Compare common budgeting methods and select a workable approach for detailed or automated situations.

A budget is a plan for available money, not a prediction that every month will be identical. Good budgeting starts with timing and categories that reflect the household's real life.

Map the Money

Gross income is income before taxes and deductions. **Net income**, often called take-home pay, is what reaches the household after those reductions. A spending plan should normally begin with net income because that is the money available for bills, saving, debt payments, and spending.

Expenses can be fixed, variable, or irregular. Fixed expenses are usually stable on a regular schedule. Variable expenses change with use or choice. Irregular expenses are predictable but do not occur monthly—annual insurance premiums, school costs, holiday travel, or car registration. Treating irregular costs as surprises creates avoidable stress. Divide an expected annual amount into monthly set-asides when practical.

Cash-flow timing matters as much as the monthly total. A household can earn enough over a month and still overdraft if bills are due before income arrives. A bill calendar, due-date changes, and a small checking buffer can solve timing problems that category cuts alone cannot.

Review transactions by asking what happened, not just whether a category was over. Did a utility bill change? Was a one-time medical cost mixed with ordinary spending? Did five small subscriptions renew together? The answer determines whether to revise the plan, dispute a charge, create a sinking fund, or change a habit.

Choose a Spending Plan

No single budgeting method is best for everyone. A **zero-based budget** assigns every available dollar a job. A **50/30/20 framework** uses broad percentages as a starting heuristic for needs, wants, and saving or debt reduction. **Pay yourself first** moves savings before flexible spending. A **conscious spending plan** protects chosen priorities while controlling less important costs. **Kakeibo** emphasizes handwritten reflection before and after spending.

These systems solve different problems. Detailed categories can help a beginner find leaks, while automation can help someone who already knows the right amounts but forgets to act. High housing or

health costs may make a percentage framework unrealistic. Irregular income may require a baseline plan built around conservative income and a rule for surplus months.

Use a method as a tool, not a test. Pick the lightest system that produces reliable decisions. Include a small miscellaneous category so normal imperfections do not break the plan. Review monthly and revise assumptions when reality changes.

The core equation is simple: income minus spending equals surplus or deficit. A surplus can build reserves, reduce debt, or fund goals. A recurring deficit requires some combination of higher income, lower commitments, negotiated terms, or outside help.

Key terms

Irregular expense

A predictable cost, such as an annual premium or holiday travel, that does not occur every month.

Pay yourself first

Moving money to savings or a goal before flexible spending occurs.

Key facts

> **A Budget Is a Plan**
>
> A budget assigns available money to current obligations and priorities. It should be revised when income, costs, or goals change.

> **Start Budgeting With Take-Home Pay**
>
> A household spending plan usually starts from take-home income — the amount left after payroll taxes and deductions — since that's what's actually available to allocate.

> **Irregular Doesn't Mean Unpredictable**
>
> An annual bill like car registration counts as a predictable irregular expense: it doesn't hit every month, but its date and approximate amount can still be anticipated and planned for.

> **Percentages Are a Starting Point**
>
> The 50/30/20 framework is a heuristic, not a rule. High housing, caregiving, or health costs can make its categories unrealistic.

> **Automate What You Forget**
>
> When someone already knows how much to save but keeps forgetting to do it, an automatic transfer set for right after payday turns that knowledge into action without relying on memory.

> **A Baseline for Uneven Income**
>
> For highly irregular income, a conservative baseline budget protects essentials, while a separate rule for surplus months decides deliberately how to allocate the better-earning periods.

> **The Miscellaneous Category's Job**
> A small miscellaneous category in a budget absorbs normal variation so minor overspending doesn't blow up the whole plan, while still keeping the rest of the plan accountable.

Matched pairs

Each item on the left goes with the one on the right.

Gross income → Income before taxes and other deductions

Zero-based budget → A plan that gives every available dollar a specific job

Step by step

Map one month of cash flow

1. Record each expected deposit and its date
2. Record bills, minimum payments, and their due dates
3. Estimate flexible spending by week
4. Add irregular costs expected during the month
5. Mark any day the projected balance becomes too low
6. Adjust timing, amounts, or a checking buffer

Use actual statements after the month to improve the next estimate.

Choose and test a budgeting method

1. Name the main problem: visibility, timing, overspending, or follow-through
2. Choose one method that directly addresses that problem
3. Set categories or transfers using realistic take-home income
4. Run the plan for one month
5. Compare planned and actual results
6. Keep, simplify, or change the method

Changing methods is useful when the current system does not produce reliable decisions.

Self-test

Answer each question from memory, then check your work against the answer key.

1. Which amount is usually the best starting point for a household spending plan?

- (A) The income expected after a raise
- (B) The household's take-home income
- (C) The household's gross income
- (D) The highest past paycheck

2. An annual car-registration bill is best treated as what kind of expense?

A. A form of earned income
B. An unknowable emergency
C. A predictable irregular expense
D. A monthly fixed expense

3. A household has enough monthly income but overdrafts before payday. What should it inspect first?

A. The retirement account's asset mix
B. The credit score's model version
C. The home's market value
D. The dates of income and bill payments

4. Which expense is most likely variable?

A. A grocery total that changes each week
B. An annual license renewal
C. A fixed-rate rent payment
D. A level monthly loan payment

5. What does a recurring monthly deficit mean?

A. Assets exceed liabilities
B. The household has no credit history
C. Planned outflows exceed available income
D. Every bill is due on the same day

6. Who is most likely to benefit from a zero-based budget?

A. Someone who wants to automate savings transfers without tracking every spending category
B. Someone with highly irregular income who needs a conservative baseline plan
C. Someone who wants a simple percentage-based starting point rather than detailed categories
D. Someone who needs detailed control over where each dollar goes

7. What is the best way to use the 50/30/20 framework?

A. As a starting comparison that can be adapted
B. As proof that housing costs must be reduced immediately
C. As a substitute for tracking take-home income
D. As a legal requirement for every household

8. A person knows how much to save but repeatedly forgets. Which feature may help most?

A. A longer loan term
B. An automatic transfer after payday
C. A hard credit inquiry
D. More spending categories

9. Which plan best fits highly irregular income?

A. A plan with no cash reserve
B. A conservative baseline plus a rule for surplus months
C. A plan that assumes the highest month repeats
D. A fixed percentage based on gross revenue only

10. Why include a small miscellaneous category?

- A It guarantees a monthly surplus
- B It hides all overspending from review
- C It replaces emergency savings
- D It keeps normal variation from breaking the whole plan

Go deeper

LISTEN Lesson 2 episode 6:33 · FlashFeed Study Notes podcast

WATCH Earn Enough, Still Overdraft 0:29 · YouTube
Gross income is pay before taxes and deductions. Net income is what actually reaches you: your take-home pay.

WATCH No Budget Fits Everyone 0:28 · YouTube
No single budgeting method is best for everyone.

WATCH Predictable, Just Not Monthly 0:29
The car registration bill arrives, and it can feel like a surprise. It doesn't come every month.

ONLINE This lesson on the web flashfeedlearningapp.com/study-guides/money-101/budgeting-and-cash-flow

STUDY Money 101 in the FlashFeed app flashfeedlearningapp.com/packs/money-101

LESSON 3 OF 10

Banking and Accounts

Everyday Accounts · Safety and Account Choice

WHAT YOU'LL BE ABLE TO DO

- Compare checking and savings accounts using access, fees, APY, and reconciliation needs.
- Determine whether a U.S. deposit account is federally insured and apply the standard coverage rule without confusing deposits with investments.

Bank accounts are operating tools. The useful question is not which institution has the best advertising, but which account safely performs the job you need at a cost and level of access you understand.

Everyday Accounts

A checking account is built for frequent transactions: deposits, bill payments, debit-card purchases, and cash access. A savings account is designed to hold money apart from everyday spending and may pay interest. Account names are less important than the actual fee schedule, access rules, interest rate, and insurance status.

Review maintenance fees, minimum-balance rules, automated teller machine (ATM) fees, overdraft practices, transfer limits, and customer-service access. A high advertised yield can be outweighed by recurring fees or requirements you cannot reliably meet. **Annual percentage yield (APY)** expresses deposit growth over a year including compounding. It is useful for comparing deposit products, while the **annual percentage rate (APR)** generally describes the annualized cost of borrowing.

Overdraft is not extra income. It occurs when a transaction exceeds the available balance and the institution covers or returns it under its rules. Alerts, low-balance cushions, declined debit transactions, linked savings, and careful opt-in choices can reduce surprise fees. Read the institution's terms rather than assuming all transactions are treated alike.

Reconciliation means comparing your record with the institution's record. Pending card transactions, holds, deposits that have not cleared, and automatic payments can make the displayed balance differ from the amount safely available to spend.

Safety and Account Choice

In the United States, eligible deposits at a Federal Deposit Insurance Corporation (FDIC)-insured bank are generally insured to at least $250,000 per depositor, per insured bank, for each account ownership category. Federally insured credit unions receive similar protection through the National Credit Union Share Insurance Fund administered by the National Credit Union Administration (NCUA). Insurance depends on the institution, account type, ownership, and balances—not merely on a familiar brand name.

FDIC insurance covers deposit products such as checking, savings, money market deposit accounts, and certificates of deposit at insured banks. It does not insure stocks, bonds, mutual funds, crypto assets, annuities, or safe-deposit-box contents. Brokerage products sold through a bank are not transformed into insured deposits.

Choose accounts by job: operating cash, emergency reserves, planned short-term goals, or a business need. Verify insurance directly with FDIC BankFind or NCUA's credit-union tools. For balances near or above coverage limits, use official estimators or professional guidance because ownership categories can be complex.

As of 2026, the standard federal deposit and share insurance amount remains $250,000 under the applicable rules. Always re-check official sources for current limits.

Key terms

Reconciliation

Comparing your transaction record with the financial institution's record and resolving differences.

Ownership category

The legal capacity in which deposit funds are held for federal insurance purposes.

Key facts

> **Checking Is an Operating Account**
>
> Checking accounts are designed for frequent deposits, payments, debit purchases, and cash access.

> **Compare the Whole Account**
>
> A strong advertised yield may not help if monthly fees, minimums, or access restrictions do not fit how you use the account.

> **Pending Charges Hide in Balances**
>
> The balance shown on an account may not be safe to spend in full — pending transactions and holds can still be working their way through and aren't always reflected yet.

> **Annual Percentage Yield (APY) Measures Annual Growth**
>
> APY is built to compare the annualized growth on deposit accounts, folding compounding into a single yearly figure so different savings products can be lined up side by side.

> **The Standard Federal Deposit Insurance Corporation (FDIC) Rule**
>
> Eligible deposits are generally insured up to $250,000 per depositor, per FDIC-insured bank, for each account ownership category.

> **Check the Official Lookup Tool**
> The safest way to confirm a bank or credit union is federally insured is the official Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) lookup tool, rather than relying on branding alone.

> **Two Accounts Don't Double Coverage**
> Two checking accounts held by the same person at the same insured bank are generally combined within the same ownership category for coverage purposes, not insured separately.

Matched pairs

Each item on the left goes with the one on the right.

APY → Annual percentage yield, which includes compounding when expressing deposit growth

NCUSIF
→ The federal fund administered by the National Credit Union Administration (NCUA) that insures eligible shares at federally insured credit unions

Step by step

Review an everyday bank account

1. Download the current fee schedule
2. Check maintenance and minimum-balance rules
3. Review automated teller machine (ATM) and overdraft terms
4. Turn on transaction and low-balance alerts
5. List automatic payments and deposits
6. Reconcile the account against your records monthly

Choose features based on actual usage rather than promotional language.

Verify deposit protection

1. Identify the legal bank or credit-union name
2. Check it in Federal Deposit Insurance Corporation (FDIC) BankFind or National Credit Union Administration (NCUA) lookup
3. Confirm the product is an eligible deposit or share account
4. Group balances by institution and ownership category
5. Use an official insurance estimator if balances approach the limit
6. Save the verification with account records

Complex ownership or trust arrangements may require official guidance.

Self-test

Answer each question from memory, then check your work against the answer key.

1. Which account is usually designed for frequent bill payments and debit transactions?

- A A checking account
- B A retirement annuity
- C A brokerage margin account
- D A certificate of deposit

2. What should a consumer compare in addition to an advertised annual percentage yield (APY)?

- A The bank's age, size, and advertising
- B The annual percentage rate (APR) on loans and credit cards
- C The account's name and the bank's familiar brand
- D Fees, minimums, access, and account rules

3. Which of these can make the displayed balance unsafe to spend in full?

- A A transfer to savings that posted yesterday
- B Interest that was credited last month
- C A card purchase that is still pending
- D A paycheck deposit that cleared last week

4. Which action can reduce overdraft surprises?

- A Check the balance only when the statement arrives
- B Set alerts and understand opt-in choices
- C Spend based on the displayed balance alone
- D Opt in to overdraft coverage on debit cards

5. What does APY primarily help compare?

- A A credit score's risk category
- B A policy's insurance deductible
- C The cost of borrowing on a loan
- D Annualized growth on deposit accounts

6. Which phrase correctly states the standard Federal Deposit Insurance Corporation (FDIC) coverage framework?

- A $250,000 per depositor, bank, and ownership category
- B $100,000 per household across all of its insured banks
- C $250,000 per account number at every branch of the bank
- D $1 million in total for every product the bank sells

7. Which holding is generally a Federal Deposit Insurance Corporation (FDIC)-insured deposit at an insured bank?

- A Cryptocurrency in a wallet
- B Jewelry in a safe-deposit box
- C Money in a savings account
- D Shares of a stock fund

8. What is the safest way to confirm an institution's federal insurance?

A. Assume every finance app is a bank
B. Use the official FDIC or NCUA lookup tool
C. Look only for the word secure in an advertisement
D. Rely on a social-media comment

9. Two checking accounts in one person's name at the same insured bank are usually treated how for coverage?

A. Excluded because checking is transactional
B. Combined within the same ownership category
C. Insured separately because account numbers differ
D. Combined with every account at every bank

10. Which statement about brokerage products sold through a bank and Federal Deposit Insurance Corporation (FDIC) coverage is accurate?

A. Every product in a bank lobby receives deposit insurance
B. Market losses are reimbursed by FDIC
C. Their bank location does not make them FDIC-insured deposits
D. Mutual funds receive the same coverage as checking

Go deeper

LISTEN Lesson 3 episode 7:19 · FlashFeed Study Notes podcast

WATCH Overdraft Isn't Income 0:28 · YouTube
A checking account is built for frequent transactions. A savings account holds money apart, and may pay interest.

WATCH What FDIC Insurance Covers 0:32 · YouTube
$250,000. As of 2026, eligible deposits at an FDIC-insured bank are generally insured to at least that.

WATCH The Whole Account 0:29
A bank ad shows a high yield. Recurring fees can still outweigh it. So can requirements an account holder cannot reliably meet.

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LESSON 4 OF 10

Saving and Emergency Funds

Build Financial Shock Absorbers · Make Saving Repeatable

WHAT YOU'LL BE ABLE TO DO

- Distinguish an emergency fund from a sinking fund and explain why emergency savings should stay liquid.
- Build a repeatable savings system and use the Rule of 72 as a rough estimate rather than a promise.

Saving is delayed spending with a job. Giving each pool of cash a purpose makes it easier to choose the right amount, location, and access.

Build Financial Shock Absorbers

An **emergency fund** is cash reserved for unplanned expenses or financial shocks, such as a repair, medical bill, or income interruption. A **sinking fund** is for a cost that is expected but irregular, such as annual registration, holiday travel, or a future appliance replacement. Mixing the two can make an ordinary annual bill feel like a crisis.

The first useful target is personal. It may be a modest starter buffer, the amount of a common repair, an insurance deductible, or one month of essential expenses. A frequently cited longer-term guideline is three to six months of essential expenses, but income stability, dependents, health, insurance, and access to support can justify more or less. The Consumer Financial Protection Bureau (CFPB) emphasizes that even a small reserve can improve security.

Liquidity matters. Emergency money should be safe and reasonably accessible without exposing it to market losses or early-withdrawal penalties. Separating it from everyday checking can reduce accidental spending, while keeping transfer access when a genuine need arises.

When money is tight, the sequence may be gradual: prevent new late fees, build a small buffer, capture important employer benefits, and reduce expensive debt while continuing to save. There is no universal contest between emergency savings and debt payoff. The right balance depends on interest costs, job stability, likely shocks, and the consequences of having no cash.

Make Saving Repeatable

Savings becomes more reliable when it is attached to a trigger: payday, a recurring transfer, a tax refund, a paid-off bill, or a rule for irregular income. Start with an amount that succeeds consistently. Increasing it later is better than repeatedly reversing an unrealistic transfer.

Interest can compound when returns are added to the balance and begin earning returns themselves. The **Rule of 72** is a rough mental estimate: divide 72 by an annual percentage rate to estimate doubling

time. At 6%, the estimate is about 12 years. It is not a guarantee and ignores taxes, fees, changing rates, and volatility.

Short-term savings belongs in products appropriate to the time horizon and risk. A high-yield savings account, money market deposit account, or carefully laddered certificate of deposit may fit a cash goal. Long-term investing can offer greater growth potential but should not be confused with cash needed for next month's emergency.

Name goals, set target amounts and dates, automate when possible, and review progress. The habit and the reserve both matter.

Key terms

Liquidity

How quickly an asset can be converted to spendable cash without a significant loss of value.

Compound interest

Interest calculated on principal plus interest previously added to the balance.

Key facts

Emergency Savings Buys Recovery Time

A cash reserve can keep a repair or income interruption from immediately becoming high-cost debt.

The Target Depends on Context

Three to six months of essential expenses is a common long-term guideline, not a universal starting requirement. Even a smaller buffer can improve resilience.

Why Emergency Cash Stays Liquid

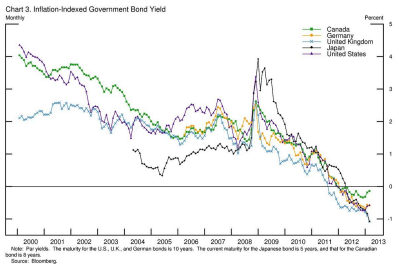
Emergency savings are usually kept liquid because the money may be needed quickly, and liquidity prioritizes safe, fast access over squeezing out maximum growth.

Separate Accounts, Fewer Accidents

Keeping emergency savings in a separate account from everyday checking creates a mental and operational boundary that can reduce accidental spending while still leaving the money reachable when it's actually needed.

Attach Saving to a Trigger

A transfer scheduled just after payday or a rule for windfalls turns saving into a repeatable action instead of a monthly decision.



Wikimedia Commons · Ben Bernanke · Public domain

An Estimate, Not a Guarantee

The Rule of 72 is only an estimate of doubling time — actual returns, taxes, fees, and rates can all change, so it's not a forecast or a guarantee.

> **Near-Term Money Stays in Cash**
>
> Money that might be needed for a near-term emergency generally belongs in a safe, accessible cash account, where short time horizons favor safety and access over chasing uncertain returns.

By the numbers

Approximate doubling time at 3% using the Rule of 72

24 years

Approximate doubling time at 4% using the Rule of 72

18 years

Approximate doubling time at 6% using the Rule of 72

12 years

Approximate doubling time at 8% using the Rule of 72

9 years

Approximate doubling time at 9% using the Rule of 72

8 years

Approximate doubling time at 12% using the Rule of 72

6 years

Matched pairs

Each item on the left goes with the one on the right.

Sinking fund → Savings reserved for a known but nonmonthly future expense

Rule of 72 → A rough doubling-time estimate found by dividing 72 by an annual percentage rate

Step by step

Build a starter emergency buffer

1. List the most likely financial shocks
2. Estimate one realistic starter target
3. Choose a safe, accessible insured account
4. Schedule a small transfer after income arrives
5. Send windfalls or freed-up payments toward the target
6. Review the amount after major life changes

A target that grows consistently is more useful than an ambitious target that prevents starting.

Create a repeatable savings system

1. Give the goal a name, amount, and target date
2. Choose an account suited to the time horizon
3. Set a transfer amount that can succeed
4. Schedule it after a reliable income event
5. Create a rule for windfalls or extra income
6. Review quarterly and raise the amount when sustainable

Automation should support cash flow, not repeatedly overdraw it.

Self-test

Answer each question from memory, then check your work against the answer key.

1. Which cost is best handled with a sinking fund?

- (A) A sudden job loss
- (B) A car registration due every year
- (C) An unplanned emergency-room bill
- (D) Storm damage not known in advance

2. Why should emergency savings usually be liquid?

- (A) The money should also cover planned annual bills
- (B) The money can be moved into stocks when prices dip
- (C) The money must stay liquid to remain insured
- (D) The money may be needed fast without a big loss

3. What is the best interpretation of a three-to-six-month guideline?

- (A) A legal minimum before any saving counts
- (B) A reason to avoid building a smaller starter buffer
- (C) A longer-term starting point to adapt to household risk
- (D) A target based on gross lifetime income

4. Which factor can justify a larger reserve?

- A Highly variable income with several dependents
- B A lower insurance deductible than expected
- C A guaranteed monthly paycheck and broad support
- D A stable job with few financial obligations

5. Why keep emergency savings separate from everyday checking?

- A It can curb accidental spending yet keep access
- B It lets the fund also cover planned annual bills
- C It is required for the savings to be insured
- D It locks the money away until an emergency

6. Which savings setup is most likely to be repeatable?

- A A goal with no account or trigger
- B A realistic automatic transfer scheduled after payday
- C A transfer timed before unpredictable income
- D A transfer larger than the checking balance

7. Using the Rule of 72, about how long would 6% annual growth take to double?

- A About 6 years
- B About 24 years
- C About 12 years
- D About 72 years

8. Which limitation applies to the Rule of 72?

- A It predicts an exact number of years to double your money
- B It only works for long-term investments, not savings accounts.
- C It only applies to interest rates above 20%.
- D Actual returns, taxes, fees, and rates can change

9. What makes compound growth different from simple interest?

- A Previously credited growth can also earn future growth
- B Fees are automatically reimbursed
- C The original principal is removed each year
- D The rate can never change

10. Where should money needed for a near-term emergency generally be kept?

- A In a volatile concentrated stock
- B In a product with a large surrender charge
- C In an illiquid collectible
- D In a safe, accessible cash account

Go deeper

LISTEN Lesson 4 episode 6:38 · FlashFeed Study Notes podcast

WATCH Emergency Fund vs. Sinking Fund 0:31 · YouTube
An emergency fund is cash for the unplanned: a repair, a medical bill, a gap in income.

WATCH Tie Saving to a Trigger 0:27 · YouTube
Saving gets more reliable when it's tied to a trigger: payday, a recurring transfer, a tax refund, or a bill you just paid off.

WATCH The Rule of 72 0:32
How long would money take to double at 6% a year? There's a quick way to get a rough answer.

ONLINE This lesson on the web flashfeedlearningapp.com/study-guides/money-101/saving-and-emergency-funds

STUDY Money 101 in the FlashFeed app flashfeedlearningapp.com/packs/money-101

LESSON 5 OF 10

Credit and Credit Scores

Reports, Scores, and Errors · Use Credit Cards Deliberately

WHAT YOU'LL BE ABLE TO DO

- Distinguish a credit report from a credit score and identify the factors that shape it.
- Use a credit card without confusing the limit or minimum payment with an affordable spending and repayment plan.

Credit is borrowed purchasing power under an agreement to repay. A credit score is a risk-prediction tool, not a moral rating, and it is only one part of a lender's decision.

Reports, Scores, and Errors

A **credit report** is a record compiled by a consumer reporting company. It can include identifying information, credit accounts, balances, payment history, collections, and inquiries. A **credit score** is a number produced by a scoring model using information in a report. Different bureaus, data, dates, and model versions can produce different scores.

Common Fair Isaac Corporation (FICO) Scores use a 300–850 range. FICO groups inputs into payment history, amounts owed, length of credit history, new credit, and credit mix. Its widely published general-population proportions are 35%, 30%, 15%, 10%, and 10%, but FICO states that importance can vary by profile. Income is not part of a FICO Score, though lenders may consider income separately.

Payment history and revolving utilization are practical priorities. Utilization compares reported revolving balances with available limits. There is no magical threshold that guarantees a particular score, and the reported statement balance may differ from today's balance. Avoid borrowing merely to create a credit mix.

Review reports for accounts you do not recognize, incorrect balances, payment errors, duplicate collections, and wrong personal information. AnnualCreditReport.com is the federally authorized source for free reports from the three nationwide companies. Dispute errors with the reporting company and, when appropriate, the information provider. Keep records.

A **hard inquiry** generally follows an application for credit and may affect scores. A **soft inquiry**, such as checking your own report, does not affect FICO Scores.

Use Credit Cards Deliberately

A credit card can provide convenience, protections, and a credit history, but it can also make spending feel less immediate and carry expensive revolving debt. Responsible use means paying on time, understanding the statement, controlling balances, and not charging more than the plan can repay.

The **statement balance** is the amount shown when the billing cycle closes. The **minimum payment** is the smallest amount required to keep the account contractually current; paying only it can extend repayment and increase interest. When a grace period applies, paying the statement balance in full by the due date generally avoids purchase interest. Terms differ, especially for cash advances, transfers, or accounts already carrying balances.

Autopay can prevent accidental lateness, but it should be paired with alerts and cash-flow monitoring. Review statements for fraud and unexpected subscriptions. A credit limit is not a spending target, and rewards are not valuable when interest and fees exceed them.

People can build finances without credit cards. Others can use them responsibly. The relevant question is whether the tool supports the person's plan without creating balances they cannot promptly repay.

Key terms

Hard inquiry

A hard inquiry is a credit-file request generally caused by an application for new credit and may affect a score.

Credit utilization

Credit utilization is the share of available revolving credit represented by reported balances.

Key facts

> **A Score Reads the Report**
>
> A credit report is a record of the data lenders and bureaus have on file. A credit score is a separate number produced by running that report data through a scoring model.

> **When the Report Is Wrong**
>
> A late payment reported for a month that was actually paid on time is a reporting error, not real payment behavior. Like other inaccuracies, it can be documented and disputed for correction.

> **Same Person, Different Scores**
>
> Two accurate credit scores for the same person can differ because they may draw on different bureau data, be calculated on different dates, or use different versions of a scoring model.

> **The Minimum Is Not a Payoff Plan**
>
> The minimum payment keeps an account contractually current, but paying only it can extend debt and increase total interest.

> **Rewards Do Not Cancel Interest**
>
> Cash back or points can be worth less than the interest and fees created by carrying a balance.

> **The Catch in Grace Periods**
> A card's grace period generally keeps new purchases interest-free only when the statement balance is paid in full by the due date; grace-period terms depend on paying in full and on time.

> **Autopay Still Needs Watching**
> Automatic payments cut the risk of an accidental late fee, but autopay still depends on monitoring and having enough cash in the checking account — payment alerts help cover that gap.

> **Credit Limits Aren't Budgets**
> A credit limit reflects how much a lender approved, not a household's repayment plan — what's actually affordable depends on cash flow and financial goals, not the maximum balance available.

Matched pairs

Each item on the left goes with the one on the right.

Credit report → A bureau's record of credit accounts, history, balances, and related information

Statement balance → The amount owed when a billing cycle closes

Step by step

Review and correct a credit report

1. Request reports through AnnualCreditReport.com
2. Confirm names, addresses, and identifying information
3. Check every account, balance, and payment history
4. Flag unfamiliar inquiries or collections
5. Dispute errors with supporting documents
6. Recheck the report after the investigation

Keep copies of reports, disputes, and responses.

Run a safe monthly credit-card routine

1. Review transactions and recurring charges weekly
2. Keep spending within the cash-flow plan
3. Check the statement balance and due date
4. Maintain enough checking cash for the payment
5. Pay on time under a deliberate repayment rule
6. Investigate unfamiliar charges immediately

Read the card agreement for grace periods, transfers, and cash-advance terms.

Self-test

Answer each question from memory, then check your work against the answer key.

1. What is the main difference between a credit report and a credit score?

- A The report and the score are the same data under two names
- B The score is government-set; the report is kept by your bank
- C The report contains data; the score applies a model to report data
- D The report lists only negatives; the score lists positives

2. Which factor generally has the largest published share in a typical Fair Isaac Corporation (FICO) Score breakdown?

- A Amounts owed
- B Length of credit history
- C New credit
- D Payment history

3. Which action is a soft inquiry?

- A Checking your own credit report
- B Authorizing a mortgage application
- C Requesting a new credit card
- D Applying for a new auto loan

4. Which item should be disputed if it is inaccurate?

- A A correct current balance
- B A late payment reported for a month paid on time
- C A valid account you recognize
- D A legitimate inquiry you authorized

5. Why can two legitimate credit scores differ?

- A Every lender must invent a random number
- B Income is secretly the only scoring factor
- C Checking a score always lowers it
- D They may use different bureau data, dates, or model versions

6. What does the minimum payment represent?

- A The smallest required payment to keep the account current
- B The consumer's affordable monthly budget
- C The full balance from the billing cycle
- D The amount that always avoids purchase interest

7. When a grace period applies, what generally avoids interest on new purchases?

- A Redeeming rewards once per year
- B Paying the statement balance in full by the due date
- C Using the entire credit limit
- D Paying any amount before the statement closes

8. What is a prudent way to use autopay?

A. Let it replace reviewing monthly statements
B. Autopay the minimum so no interest builds up
C. Pair it with alerts and enough checking cash
D. Use it in place of alerts and cash tracking

9. Why is a credit limit not a spending target?

A. Reaching it is reported as a late payment
B. Interest is charged only when the balance nears the limit
C. It is what a lender allows, not your repayment plan
D. Spending up to it triggers a hard inquiry

10. Which behavior can support healthy revolving credit use?

A. Ignore unfamiliar statement charges
B. Open accounts solely to create a credit mix
C. Carry interest-bearing debt for score points
D. Pay on time and keep reported balances manageable

Go deeper

LISTEN Lesson 5 episode 6:39 · FlashFeed Study Notes podcast

WATCH What a FICO Score Weighs 0:31 · YouTube
Common FICO Scores run from 300 to 850.

WATCH A Limit Isn't a Target 0:28 · YouTube
The statement balance is what you owe when the billing cycle closes. The minimum payment only keeps the account current.

WATCH Same Person, Different Scores 0:30
One person can have two different credit scores. Both can still be accurate.

ONLINE This lesson on the web flashfeedlearningapp.com/study-guides/money-101/credit-and-credit-scores

STUDY Money 101 in the FlashFeed app flashfeedlearningapp.com/packs/money-101

LESSON 6 OF 10

Debt and Borrowing

Read the Loan · Choose a Payoff Strategy

WHAT YOU'LL BE ABLE TO DO

- Compare loan offers using principal, annual percentage rate (APR), term, payment, fees, and total cost.
- Choose between debt snowball and avalanche payoff strategies, and define debt consolidation.

Debt moves future income into the present and adds contractual obligations. It can fund a useful asset or bridge a genuine need, but every loan should be evaluated by total cost, risk, and fit—not only by the monthly payment.

Read the Loan

Principal is the amount borrowed. **Interest** is the price paid for using that principal. The **annual percentage rate (APR)** is an annualized measure designed to help compare borrowing costs and may include certain fees depending on the product. The **term** is the repayment period.

A longer term can lower the monthly payment while increasing total interest. That tradeoff is easy to miss when a seller asks only, "What payment can you afford?" Compare amount financed, APR, term, monthly payment, fees, and total of payments. For secured debt, also consider the asset at risk if payments fail.

A **secured loan** is backed by collateral, such as a vehicle or home. An **unsecured loan** is not tied to specific collateral, though nonpayment still has serious consequences. Fixed and variable rates create different uncertainty. Prepayment penalties, balloon payments, add-on products, and mandatory arbitration may also matter.

Borrowing can be reasonable when the expected benefit, alternatives, and repayment capacity are clear. It becomes dangerous when the plan depends on perfect future income, hides the total cost, or repeatedly rolls short-term debt forward.

Choose a Payoff Strategy

Start with a complete debt list: balance, APR, minimum, status, collateral, and any promotional expiration. Make required minimum payments first to avoid default. Extra money can then follow a chosen strategy.

The **debt avalanche** targets the highest APR first and usually minimizes interest if payments are maintained. The **debt snowball** targets the smallest balance first and may create faster visible wins. Neither is morally superior. The best method is the one a borrower can execute while keeping essential obligations current.

Consolidation or refinancing replaces existing debt with new debt. It can reduce rates or simplify payments, but a lower monthly payment may come from a longer term and higher total cost. Fees, collateral, variable rates, loss of federal student-loan protections, and the risk of running balances back up must be examined.

If payments are becoming impossible, contact creditors early, document agreements, prioritize housing, utilities, transportation, insurance, and legal obligations, and seek reputable nonprofit counseling or legal assistance where appropriate. Avoid companies that demand large upfront fees or guarantee that debts will disappear.

Key terms

APR

The annual percentage rate (APR) is an annualized measure of borrowing cost used to compare credit products under their applicable disclosure rules.

Debt consolidation

Debt consolidation is replacing multiple debts with one new debt, usually to simplify repayment or change terms.

Key facts

> **A Lower Payment Can Cost More**
>
> Extending a loan term can reduce the monthly payment while increasing total interest paid over the life of the loan.

> **More Than One Number**
>
> A loan's monthly payment is only one number — the annual percentage rate (APR), loan term, fees, and the amount financed all shape the total cost and affordability over the life of the loan.

> **A Rate That Can Move**
>
> With a variable-rate loan, the interest rate and the required payment can both change over time — a shift that creates uncertainty about future payments and total cost.

> **Avalanche Favors Interest Savings**
>
> After minimums, the debt avalanche directs extra money to the highest annual percentage rate (APR) and generally minimizes interest if the plan is followed.

> **Snowball Favors Early Wins**
>
> After minimums, the debt snowball targets the smallest balance first, which can create visible progress and motivation.

> **Consolidation Can Cost More**
> Combining debts into one loan can lower the monthly payment, but a longer term or new fees attached to the consolidation can raise the total amount paid over time.

> **Before Any Extra Payment**
> Before extra money goes toward accelerating any one debt, every required minimum and essential obligation needs to stay current — avoiding default and protecting essentials comes before acceleration.

> **Before a Payment Is Missed**
> When payments risk becoming unaffordable, contacting creditors before missing one can surface legitimate options and leaves a documented record to fall back on.

Matched pairs

Each item on the left goes with the one on the right.

Principal → The amount originally borrowed on a loan, not counting interest

Debt avalanche
→ Extra payments target the highest annual percentage rate (APR) first after all minimums

Step by step

Compare two loan offers

1. Use the same amount borrowed for both offers
2. Record the annual percentage rate (APR), rate type, fees, and term
3. Compare monthly payments
4. Compare total of payments
5. Identify collateral and penalty risks
6. Stress-test the payment against lower income or higher expenses

Do not sign until unclear fees, optional products, and rate changes are explained in writing.

Build a debt payoff plan

1. List every balance, annual percentage rate (APR), minimum, status, and collateral
2. Keep minimums and essential obligations current
3. Choose avalanche, snowball, or a justified hybrid
4. Set one repeatable extra-payment amount
5. Redirect each finished payment to the next target
6. Review refinancing offers by total cost and protections

Seek reputable help early if the plan no longer covers essential bills.

Self-test

Answer each question from memory, then check your work against the answer key.

1. What should be compared in addition to a loan's monthly payment?

- A Due date, lender name, app rating, and branch location
- B Credit score, income, employer, and years at address
- C APR, term, fees, amount financed, and total cost
- D Down payment, purchase price, and trade-in value

2. What usually happens when the same debt is stretched over a longer term?

- A The payment rises and total interest rises as well
- B The payment rises while total interest falls
- C The payment falls and total interest falls too
- D The payment may fall while total interest rises

3. What makes a loan secured?

- A Specific collateral backs the obligation
- B The borrower has a high income
- C The payment is automatically deducted
- D The lender promises no fees

4. Which question best reveals a loan's full economic burden?

- A Does approval happen the same day?
- B How much will I pay in total if I follow the contract?
- C Can the seller lower only today's payment?
- D Will the lender skip written disclosures?

5. Why can a variable-rate loan be harder to plan around?

- A The loan cannot have a term
- B The borrower owns no legal rights
- C The rate and required payment may change
- D The principal is never disclosed

6. Which strategy generally minimizes interest when followed consistently?

- A Skip minimums on low-rate accounts
- B Target the smallest balance first, ignoring APR
- C Divide extra money evenly forever
- D Target the highest APR after paying all minimums

7. What is the main behavioral advantage of the snowball method?

- A Small balances can disappear sooner and create momentum
- B Every lender waives late fees
- C Collateral risk is automatically removed
- D Interest is guaranteed to be lowest

8. What is a key risk of consolidation?

- A The new loan's rate is always variable
- B A longer term or new fees can raise total cost
- C All old payment history is erased
- D The old debts stay owed alongside the new loan

9. What should happen before sending extra money to one debt?

- A Cancel needed insurance
- B Keep required minimums and essential obligations current
- C Stop paying every other creditor
- D Use rent money for the target balance

10. When payments may become impossible, what is a useful early action?

- A Contact creditors before missing payments and document options
- B Ignore all statements until collection
- C Pay an unknown company a large upfront fee
- D Assume hardship plans appear automatically

Go deeper

LISTEN Lesson 6 episode 6:51 · FlashFeed Study Notes podcast

WATCH The Payment Question 0:27 · YouTube
Principal is what you borrow. Interest is the price of using it. The term is how long you take to repay.

WATCH Avalanche or Snowball 0:30 · YouTube
Paying off several debts? The guide's order: every required minimum payment first. Then extra money can follow a strategy.

WATCH One New Debt 0:30
Several debts become one loan. So where did the old debts go?

ONLINE This lesson on the web flashfeedlearningapp.com/study-guides/money-101/debt-and-borrowing

STUDY Money 101 in the FlashFeed app flashfeedlearningapp.com/packs/money-101

LESSON 7 OF 10

Income and Taxes

Read Income and Pay Statements · Understand the Tax Process

WHAT YOU'LL BE ABLE TO DO

- Read a pay statement and distinguish gross pay from net pay after employee withholding and deductions.
- Explain progressive tax brackets and distinguish marginal rate, effective rate, and tax credits.

Income becomes usable cash only after taxes, benefits, and other deductions. Understanding a pay statement and the basic tax process reduces surprises without requiring you to become a tax professional.

Read Income and Pay Statements

Gross pay is earnings before deductions. Net pay is the amount delivered after deductions. A pay statement may show federal and state income-tax withholding, Social Security and Medicare taxes, health premiums, retirement contributions, garnishments, and employer-paid benefits.

Withholding is a prepayment toward a later tax calculation. A large refund is not automatically a bonus from the government; it often means more was withheld than the final liability, refundable credits applied, or estimated payments exceeded the amount due. Owing at filing can mean prepayments were too low, income changed, or a life event altered the calculation.

Employees generally receive Form W-2 showing wages and withholding. Independent contractors commonly receive information returns such as Form 1099-NEC (for nonemployee compensation), but income may be taxable even when no form arrives. Contractors generally must plan for their own income and self-employment tax payments and may need estimated payments. Worker classification depends on law and facts, not simply on which form a company prefers.

Read each pay statement for hours, rate, gross pay, taxes, deductions, and net pay. Investigate changes promptly. Benefits such as health coverage or employer retirement contributions may not appear in take-home pay but remain part of total compensation.

Understand the Tax Process

The U.S. federal income tax is progressive. Taxable income is divided into layers called brackets. Moving into a higher bracket does not cause all income to be taxed at the higher rate; only the dollars in that layer receive that marginal rate.

The **marginal tax rate** applies to the next dollar of taxable income within the current bracket. The **effective tax rate** is total income tax divided by an income measure. They answer different questions. Payroll taxes, state taxes, credits, deductions, and filing status add more layers.

A deduction generally reduces income subject to tax. A credit generally reduces calculated tax, and some credits can be refundable. For tax year 2026, the Internal Revenue Service (IRS) lists a standard deduction of 16,100 for single filers and married people filing separately, and 32,200 for married couples filing jointly. These dated figures should be rechecked before use.

Keep income forms, tax returns, payment confirmations, and records supporting deductions or credits. Use the IRS withholding estimator after major changes such as marriage, a second job, substantial freelance income, or a new dependent. Complex situations may warrant a credentialed tax professional.

Key terms

Net pay

Net pay is the amount delivered to a worker after payroll taxes and other deductions are subtracted from gross pay.

Tax credit

A tax credit is an amount that reduces calculated tax and may be refundable under the credit's rules.

Key facts

Gross Pay Is Not Spendable Pay

Net pay equals gross pay minus taxes, benefit costs, retirement contributions, and other deductions shown on the pay statement.

The Form Behind Your Wages

Form W-2 is the wage statement employers generally furnish to employees, and it's what commonly reports total wages along with how much was withheld for taxes.

No Form, Tax Still Due

For independent-contractor income, tax can be owed even if no information form ever arrives — taxability depends on the income and the law, not on whether a form was received.

Tax Brackets Are Layers

Moving into a higher federal bracket does not apply that rate to every dollar of income; the higher rate applies only to taxable income in that layer.

Not the Same as Marginal

An effective tax rate is total income tax divided by an income measure — a summary of the overall tax burden, distinct from the marginal rate, which only concerns the next dollar earned.

Where the Break Applies

A tax deduction reduces the amount of income that's taxable, while a tax credit reduces the tax actually calculated — the two enter the tax calculation at different stages and aren't interchangeable.

> **A Second Job Changes Things**
> Picking up a second job with substantial income is a common trigger for revisiting withholding, since the assumptions behind the original amount may no longer hold once total income changes.

Matched pairs

Each item on the left goes with the one on the right.

Form W-2
→ An employee wage statement showing compensation and withholding reported by an employer

Marginal tax rate → The rate applied to the next dollar of taxable income within the current bracket

Step by step

Review a pay statement

1. Confirm the pay period and employer
2. Check hours, rate, salary, bonuses, or commissions
3. Trace gross pay
4. Review taxes and benefit deductions
5. Confirm net pay matches the deposit
6. Compare unusual changes with prior statements and ask payroll promptly

Retain statements long enough to reconcile year-end tax forms and benefits.

Maintain a basic tax system

1. Create a folder for the current tax year
2. Save income forms and estimated-payment confirmations
3. Keep records supporting deductions and credits
4. Compare year-end forms with pay and account records
5. Use the current Internal Revenue Service (IRS) guidance or estimator
6. File securely and retain the return and key support

Seek qualified help when business income, investments, family status, or state rules make the return complex.

Self-test

Answer each question from memory, then check your work against the answer key.

1. Which amount normally reaches the worker's bank account?

- (A) The employer's total labor cost
- (B) The worker's annual credit limit
- (C) Gross pay before deductions
- (D) Net pay

2. What does federal income-tax withholding represent?

- A A final audit result
- B A prepayment toward the final tax calculation
- C An employer retirement match
- D A bank maintenance fee

3. Which form commonly reports employee wages and withholding?

- A Form W-2
- B Form 1098-E
- C Form 1099-NEC
- D Form W-9

4. Which statement about independent-contractor income is accurate?

- A The client automatically covers all payroll taxes
- B Contractor income is always tax-free
- C Tax may be owed even if no information form arrives
- D Only cash payments must be reported

5. Why inspect each pay statement?

- A To choose a life-insurance beneficiary
- B To catch errors in hours, rate, taxes, and deductions
- C To verify deposit insurance
- D To calculate a credit score

6. What happens when taxable income enters a higher federal bracket?

- A Every dollar is retroactively taxed at the new rate
- B You take home less than you did before
- C Only the income in the new layer is taxed higher
- D Your filing status moves to a higher category

7. What does an effective income-tax rate describe?

- A Total income tax divided by an income measure
- B The rate on the next taxable dollar
- C The percentage of credit used
- D The Social Security wage base

8. Which statement best distinguishes a deduction from a credit?

- A A deduction is a loan; a credit is a deposit
- B A deduction raises tax; a credit raises income
- C A deduction reduces calculated tax; a credit reduces taxable income
- D A deduction reduces taxable income; a credit reduces calculated tax

9. Income rises into the next bracket. Which rate applies to the dollars in that new layer?

- A The effective rate, applied to all income
- B The withholding rate on the pay statement
- C The credit rate for refundable credits
- D The marginal rate of that bracket

10. Which statement about tax credits is accurate?

(A) A credit reduces calculated tax after brackets apply

(B) A credit reduces taxable income before brackets apply

(C) A credit lowers the marginal rate of every bracket

(D) A credit is always paid out in cash

Go deeper

LISTEN Lesson 7 episode 7:05 · FlashFeed Study Notes podcast

WATCH Gross, Net and Withholding 0:31
Gross pay is what you earn before deductions. Net pay is what actually arrives.

WATCH Marginal vs. Effective 0:29
The U.S. federal income tax is progressive. Taxable income is split into layers called brackets.

WATCH The Form That Never Arrives 0:31
An independent contractor gets paid, but no tax form ever arrives. That income can still be taxable.

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STUDY Money 101 in the FlashFeed app flashfeedlearningapp.com/packs/money-101

LESSON 8 OF 10

Insurance and Risk

Read the Coverage · Match Policies to Risks

WHAT YOU'LL BE ABLE TO DO

- Interpret core insurance cost-sharing terms and compare a low-premium policy with the household's realistic worst-case exposure.
- Match common policy types to the risks they address without assuming one universal answer.

Insurance transfers specified financial risks to an insurer in exchange for premiums and compliance with a contract. It does not prevent bad events; it limits certain financial consequences when covered events occur.

Read the Coverage

A **premium** is the amount paid for coverage. A **deductible** is an amount the insured must pay under the policy before or alongside insurer payments, depending on the contract. A **coverage limit** is the most the insurer will pay under specified conditions. Exclusions identify what the policy does not cover.

Health coverage may also use copayments, coinsurance, networks, and an out-of-pocket maximum for covered in-network services. A copayment is usually a fixed amount for a service; coinsurance is a percentage of the allowed cost. The out-of-pocket maximum does not include premiums, and it generally does not include out-of-network care or noncovered services.

The cheapest premium is not automatically the cheapest plan. Compare likely annual cost and worst-case exposure: premiums, deductibles, copays, coinsurance, limits, networks, exclusions, and the household's cash reserve. A higher deductible may reduce premiums but creates a larger cash need after a claim.

Insurance is most valuable for losses a household cannot comfortably absorb. Small frequent costs may be better handled through the spending plan or savings, while catastrophic liability, disability, major health costs, and loss of a home or income can justify transferring risk.

Match Policies to Risks

Auto liability coverage addresses harm caused while driving; collision and comprehensive address different damage to the insured vehicle. Homeowners and renters policies cover different property and liability risks. Renters insurance does not insure the building, but it can protect personal property, liability, and certain additional living expenses under its terms.

Disability insurance replaces part of income when covered illness or injury prevents work. Life insurance creates a death benefit for beneficiaries when someone else's financial life would be harmed by the insured person's death.

Term life insurance covers a stated period and generally offers more death benefit per premium in early years without cash value. Permanent life insurance is designed for long-duration coverage and may build cash value, but it is more complex and often more expensive. Neither is universally best. The need, duration, guarantees, costs, health, and other assets matter.

Review beneficiaries, limits, deductibles, inventories, discounts, and major life changes annually. Claims depend on the written contract, so store policy documents and insurer contact information where the household can find them.

Key terms

Deductible

An amount the insured pays for covered loss or care before or alongside insurer payment under the policy rules.

Disability insurance

Replaces part of covered income when illness or injury prevents a person from working under the policy definition.

Key concepts

Health insurance

- Addresses covered medical-care costs
- Often uses networks and cost sharing
- May include a deductible and out-of-pocket maximum

Auto insurance

- Addresses vehicle-related liability and selected damage
- Required coverage varies by jurisdiction
- Collision and comprehensive cover different risks

Homeowners insurance

- Addresses selected dwelling, property, and liability losses
- Policy limits and exclusions matter
- Flood and earthquake may require separate coverage

Renters insurance

- Addresses a renter's personal property and liability
- The landlord's policy generally covers the building
- May include certain additional living expenses

Disability insurance

- Addresses lost earned income
- Uses a policy definition of disability
- Benefits may begin after a waiting period

Life insurance

- Pays a death benefit to beneficiaries under the contract
- Useful when death creates financial harm for others
- Term and permanent policies have different structures

Key facts

> **Premium Is Not Total Cost**
> A policy's financial exposure can also include deductibles, copays, coinsurance, exclusions, uncovered services, and amounts above limits.

> **The Cash Behind a Deductible**
> A very high deductible can leave a household short on cash exactly when a claim happens — it's real cash exposure that needs to fit available reserves.

> **Not a Flat Copay**
> Coinsurance is the percentage of an allowed medical cost that the member pays, which makes it different from a copayment — a fixed dollar amount charged regardless of the total bill.

> **The Max Has a Gap**
> A health plan's out-of-pocket maximum caps what a member pays for covered in-network care, but premium payments don't count toward that cap: they can keep adding up on top of it.

> **Life Insurance Follows Financial Need**
> Life insurance is most relevant when a death would leave others with lost income, caregiving costs, debts, education needs, or final expenses.

> **Protecting the Paycheck**
> Disability insurance is primarily built to address the loss of earned income after a covered illness or injury, replacing part of a paycheck when the insured person can't work under the policy's terms.

> **No Cash Value, Just Coverage**
> Term life insurance covers only a stated period and is generally built purely for death-benefit protection, usually without building any cash value along the way.

Matched pairs

Each item on the left goes with the one on the right.

Premium → The amount paid to keep insurance coverage in force

Term life insurance → Death-benefit coverage for a stated period, generally without cash value

Step by step

Compare insurance policies

1. Define the loss the policy must protect against
2. Record premiums and deductibles
3. Review limits, exclusions, and waiting periods
4. For health plans, compare networks and cost sharing
5. Estimate likely and worst-case annual household cost
6. Confirm the deductible can be covered with available cash

Use official plan documents, not only marketing summaries.

Run an annual coverage review

1. List the people, income, property, and liabilities at risk
2. Match each major risk to an existing policy or reserve
3. Check limits, deductibles, and exclusions
4. Update beneficiaries and household inventories
5. Requote when needs or prices materially change
6. Store policy and claim contacts securely

Review after marriage, divorce, a birth, a home purchase, a new job, or a major debt change.

Self-test

Answer each question from memory, then check your work against the answer key.

1. What does an insurance premium buy?

- A Ownership of the insurance company
- B Payment for every excluded event
- C A guarantee that no loss will occur
- D Contractual coverage under the policy's terms

2. Why can a very high deductible be risky for a household?

- A It guarantees out-of-network care
- B It removes every coverage limit
- C The household may not have enough cash when a claim occurs
- D It always increases the monthly premium

3. What is coinsurance in health coverage?

- A A percentage of the allowed cost paid by the member
- B A fixed monthly premium
- C A flat amount for every policy year
- D The insurer's maximum payment

4. Which kind of payment never counts toward a health plan's out-of-pocket maximum?

A Deductibles
B Premiums
C Coinsurance
D Copayments

5. What should be compared besides the premium?

A Only the monthly premium
B Deductibles, cost sharing, limits, networks, and exclusions
C Only the insurer's customer rating
D Only the annual deductible amount

6. Which policy primarily protects a renter's belongings and liability rather than the building?

A Title insurance
B Homeowners dwelling coverage
C Renters insurance
D Mortgage insurance

7. What risk does disability insurance primarily address?

A Loss of earned income after covered illness or injury
B Market decline in a retirement account
C The death benefit owed to beneficiaries
D Damage to another driver's vehicle

8. Which statement about term life insurance is generally accurate?

A It insures a home's replacement cost
B It pays only for medical care
C It guarantees lifetime coverage at one premium
D It covers a stated term and usually does not build cash value

9. When is life insurance most clearly tied to a financial need?

A When the main goal is investing for retirement
B When the main concern is paying for a covered medical bill
C When the insured has no dependents and no debts
D When others depend on the insured's income or care

10. What is the best general conclusion about term versus permanent life insurance?

A Permanent is always superior
B Permanent costs less per coverage dollar in early years
C Neither is best for every household or need
D Term is always the better buy

Go deeper

LISTEN Lesson 8 episode 7:12 · FlashFeed Study Notes podcast

WATCH Premium, Deductible, Limit 0:28
A premium is what you pay for coverage.

WATCH Match the Policy 0:30
Renters insurance doesn't insure the building. Under its terms, it can protect your belongings, your liability, and some extra living costs.

WATCH A Cap With a Gap 0:27
A member can reach a health plan's out-of-pocket maximum and still keep paying.

ONLINE This lesson on the web flashfeedlearningapp.com/study-guides/money-101/insurance-and-risk

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LESSON 9 OF 10

Retirement Foundations

Start with the Workplace Plan · Build a Long-Term Routine

WHAT YOU'LL BE ABLE TO DO

- Explain defined-contribution accounts, employer match, and vesting, and how Social Security differs as a separate federal program.
- Create a sustainable retirement contribution routine using diversified, target-date investments.

Retirement planning replaces part of future earned income with savings, investments, pensions, Social Security, and other resources. Beginning early helps, but beginning later still improves the range of future choices.

Start with the Workplace Plan

Employer-sponsored plans generally fall into two broad groups. A **defined benefit plan**, often called a pension, promises a benefit under a formula. A **defined contribution plan**, such as a 401(k), builds an individual account whose value depends on contributions, investment results, fees, and withdrawals.

An employer **match** is a contribution tied to the employee's contribution under plan rules. A worker must know the match formula, contribution method, and **vesting** schedule. Employee salary deferrals are always the employee's, while employer contributions may become fully owned over time depending on the plan.

Traditional and Roth describe tax treatment, not an investment. Traditional contributions may receive current tax advantages under applicable rules, with qualified withdrawals generally taxable later. Roth contributions are generally made after tax, with qualified withdrawals tax-free when requirements are met. Eligibility, deduction, and withdrawal rules vary.

Social Security is a separate federal program financed largely through payroll taxes. Benefits depend on covered earnings and claiming age, among other rules. It is a foundation for many households, not necessarily a complete retirement plan.

Build a Long-Term Routine

Contribution rate, time, investment mix, fees, and behavior all affect a retirement account. Diversification spreads exposure but does not eliminate loss. A target-date fund is one diversified option that gradually changes its mix over time; it is still important to review fees, assumptions, and whether it fits the rest of the household's finances.

Priorities can conflict. Capturing an employer match may offer an unusually valuable benefit, while high-interest debt and inadequate emergency cash create immediate risk. Some people fund the match first;

others must stabilize essential bills or a crisis before increasing contributions. Use the actual match, interest rates, job stability, and consequences of missing payments rather than a universal slogan.

For 2026, the Internal Revenue Service (IRS) states the employee contribution limit for 401(k), 403(b), governmental 457 plans, and the federal Thrift Savings Plan is 24,500. The individual retirement arrangement (IRA) limit is 7,500. The general age-50-plus workplace catch-up is 8,000; participants ages 60–63 can have a higher 11,250 catch-up under applicable plans; and the IRA age-50-plus catch-up is 1,100. The general Savings Incentive Match Plan for Employees (SIMPLE) contribution limit is 17,000. These are legal limits, not recommended targets, and eligibility rules apply.

Automate a sustainable contribution, increase it after raises or debts end, review beneficiaries, and avoid reacting to every market headline. Recheck tax-year limits annually.

Key terms

Vesting

Vesting is the process by which a worker gains nonforfeitable ownership of employer contributions under a plan's schedule.

Diversification

Diversification is spreading investments across holdings or asset classes to reduce dependence on any single exposure.

Key facts

> **Know the Match Formula**
> An employer match is valuable only when the worker understands the required contribution, eligible pay, timing, and vesting rules.

> **Traditional and Roth Are Tax Treatments**
> Traditional and Roth labels describe tax treatment and account rules; the investments held inside the account are a separate choice.

> **Employer Money Has Strings**
> Vesting determines how much of an employer's retirement contributions an employee actually owns over time — employee deferrals, by contrast, are always the employee's own money.

> **The Pension's Own Promise**
> A defined benefit pension promises a retirement benefit that's calculated using a set formula, as defined by the plan's own rules.

> **Legal Limits Are Not Savings Targets**
> Contribution limits cap tax-advantaged deposits under specific rules. A sustainable personal contribution may be lower and should fit cash flow.

> **The Cost That Compounds**
> Investment fees are often just small recurring percentages, but like returns, they compound over time — except fees compound against long-term account value instead of building it.

> **Eligibility Rules Shift Yearly**
> Contribution limits and eligibility rules can change from year to year and apply differently by plan and age, so a figure worth relying on is the one verified for the current tax year.

By the numbers

2026 employee limit for 401(k), 403(b), governmental 457, and Thrift Savings Plan (TSP)
24500 USD

2026 annual individual retirement arrangement (IRA) contribution limit
7500 USD

2026 general age-50-plus workplace-plan catch-up limit
8000 USD

2026 workplace-plan catch-up limit for ages 60 through 63
11250 USD

2026 age-50-plus individual retirement arrangement (IRA) catch-up limit
1100 USD

2026 general Savings Incentive Match Plan for Employees (SIMPLE) contribution limit
17000 USD

Matched pairs

Each item on the left goes with the one on the right.

Defined contribution plan
→ An individual account funded by employee or employer contributions without a promised retirement payment

Target-date fund
→ A diversified fund that generally shifts its asset mix as a stated retirement year approaches

Step by step

Decode a workplace retirement plan

1. Find the employee contribution options
2. Write down the employer match formula
3. Check the vesting schedule
4. Compare Traditional and Roth availability and rules
5. Review investment choices and fees
6. Set and verify beneficiaries

Use the plan document or administrator for current rules.

Build an annual retirement routine

1. Protect essential cash flow and identify the employer match
2. Choose a sustainable contribution rate
3. Select a diversified, understandable investment approach
4. Check fees and beneficiaries
5. Increase contributions after raises or finished debts when feasible
6. Verify current limits and review the plan annually

Coordinate major tax or rollover decisions with current official guidance or qualified advice.

Self-test

Answer each question from memory, then check your work against the answer key.

1. What does an employer match usually require?

- (A) An employee contribution under the plan's formula
- (B) Full vesting before any match is deposited
- (C) Employer-only funding with no employee contribution
- (D) A withdrawal from the account each year

2. What does vesting determine?

- (A) Whether contributions get Traditional or Roth treatment
- (B) When employer contributions become the worker's own
- (C) How much the employer adds per dollar contributed
- (D) Which investments the account holds

3. Which plan promises a benefit under a formula?

- (A) A taxable brokerage account
- (B) A defined contribution account
- (C) A defined benefit pension
- (D) A checking account

4. What is the central difference between Traditional and Roth treatment?

- A Whether the account can hold investments
- B Whether the employer exists
- C Whether the owner has a bank account
- D When taxes are generally paid under the applicable rules

5. What role does Social Security usually play?

- A A federal retirement foundation based partly on covered earnings and claiming age
- B A private checking account
- C A guaranteed replacement of every dollar of pay
- D A credit-score model

6. How does the lesson describe Social Security compared to a workplace retirement plan?

- A An individual account funded like a 401(k)
- B A private employer-sponsored pension
- C A separate federal program funded by payroll taxes
- D A tax-free investment brokerage account

7. What does a worker's Social Security benefit depend on?

- A The employer's 401(k) matching formula
- B The plan's vesting schedule
- C The account's investment fee percentage
- D Covered earnings and the age benefits are claimed

8. Which retirement contribution is most likely to be sustainable?

- A The legal maximum regardless of unpaid essentials
- B An automated amount that fits current cash flow and is reviewed after changes
- C No contribution until every future uncertainty is gone
- D A random amount changed every week

9. What does diversification do?

- A Fixes the retirement date
- B Guarantees against every market loss
- C Reduces dependence on a single investment or exposure
- D Eliminates all fees and taxes

10. Why review investment fees?

- A Fees are charged only once, when the account is opened
- B Higher fees usually lead to higher long-term returns
- C Lower fees raise the employer's matching rate
- D Small recurring percentages can reduce long-term value

11. How should employer matching and expensive debt be prioritized?

- A Use one universal order for every household
- B Use the actual match, interest costs, stability, and consequences to choose
- C Always ignore the match
- D Always ignore high-interest debt

12. What should happen before relying on a contribution limit?

- (A) Verify the current tax year and eligibility rules
- (B) Treat the limit as a required minimum
- (C) Add all account limits together without rules
- (D) Assume last year's limit is permanent

Go deeper

LISTEN Lesson 9 episode 7:17 · FlashFeed Study Notes podcast

WATCH Pension or 401(k) 0:29 · YouTube
A pension promises a benefit under a formula. A 401(k) builds your own account, and its value depends on what goes in and how it's invested.

WATCH A Limit, Not a Target 0:31 · YouTube
For 2026, the IRS limit on employee contributions to a 401(k) is $24,500.

WATCH Social Security: Foundation or Full Plan? 0:29
Is Social Security a complete retirement plan? Not necessarily. For many households, it's a foundation.

ONLINE This lesson on the web flashfeedlearningapp.com/study-guides/money-101/retirement-foundations

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LESSON 10 OF 10

Scams and Smart Consumer Skills

Stop and Verify · Protect and Recover

WHAT YOU'LL BE ABLE TO DO

- Recognize common scam signals and use independent verification before sharing information or moving money.
- Use account security and credit freezes to reduce and recover from identity and payment fraud.

Scam resistance is a financial skill. Modern fraud can arrive by phone, text, email, social media, search results, payment apps, or compromised accounts. Intelligence and experience do not create immunity; pressure and believable context can bypass careful thinking.

Stop and Verify

Common warning signs include manufactured urgency, threats, secrecy, impersonation, unexpected prizes or refunds, requests to move money for “protection,” and unusual payment methods such as gift cards, cryptocurrency, cash couriers, or wire transfers. Caller ID, email addresses, logos, and search ads can be spoofed.

The safest general response is to **stop, verify independently, and then act**. End the contact. Find the organization's number or website through a trusted statement, card, official app, or typed address—not through a link or number supplied by the message. Ask a trusted person before moving money under pressure.

Legitimate government agencies and businesses do not need gift-card codes to resolve debts or protect accounts. A bank will not require a customer to transfer money to a “safe” account controlled by a caller. Never share a one-time authentication code with someone who contacted you.

The Federal Trade Commission (FTC) reported that consumers reported losing about 16 billion to fraud in 2025, including 3.5 billion to imposter scams. Reported losses understate total harm because not every event is reported. The lesson is not the exact number; it is that impersonation and pressure cause material losses across age groups.

Protect and Recover

Use unique passwords stored in a reputable password manager, enable multifactor authentication, update devices, and turn on account alerts. Prefer an authenticator app or hardware key when available, while recognizing that any multifactor authentication (MFA) is usually better than none.

A **credit freeze** blocks prospective creditors from accessing a credit file and can help prevent new-account identity theft. In the United States, freezes are free, but they must be placed separately with

Equifax, Experian, and TransUnion. A freeze does not stop misuse of an existing account, so statement review and alerts still matter.

If money or information may be compromised, move quickly: contact the financial institution using a trusted channel, lock affected cards, change credentials from a clean device, preserve messages and transaction details, review credit reports, and use IdentityTheft.gov for a recovery plan. Report fraud to the FTC and relevant local or state authorities when appropriate.

Smart consumer habits also include comparing total prices, reading cancellation and renewal terms, keeping receipts and confirmations, checking return policies, resisting buy-now pressure, and using payment methods with appropriate dispute protections. Slow decisions are often safer decisions.

Key terms

Phishing

A deceptive message or site designed to steal information, credentials, or money by impersonating a trusted source.

Credit freeze

A free restriction that blocks prospective creditors from accessing a consumer's credit file until the consumer lifts it.

Key facts

> **Urgency Is a Manipulation Tool**
>
> A demand to act immediately is a reason to slow down, especially when the contact also uses threats, secrecy, or unusual payment instructions.

> **Verify Outside the Conversation**
>
> Use a phone number, app, statement, or website you already trust. Do not verify through the link or callback number supplied by the suspicious contact.

> **Gift Cards Don't Pay Debts**
>
> Gift-card codes demanded to settle a government debt are a strong scam warning sign—government debts are never resolved that way.

> **One-Time Codes Stay Private**
>
> A one-time authentication code proves access to an account and belongs only in the legitimate service you initiated—not with anyone who contacts you first.

> **Three Bureaus, Three Freezes**
>
> A complete U.S. credit freeze requires contacting all three nationwide credit bureaus separately—Equifax, Experian, and TransUnion each maintain their own file and freeze.

> **Unique Passwords Limit Damage**
> Using unique passwords for every account, stored in a reputable password manager, limits the damage when any single service gets breached.

> **IdentityTheft.gov: The Recovery Plan**
> IdentityTheft.gov is the Federal Trade Commission (FTC) site for creating a U.S. identity-theft recovery plan; other sites serve different purposes.

Matched pairs

Each item on the left goes with the one on the right.

Imposter scam
→ Fraud in which someone pretends to be a trusted person, business, or government agency

Multifactor authentication → A login safeguard requiring more than one type of proof

Step by step

Verify a suspicious financial contact

1. Stop the conversation without sending money or information
2. Preserve the message, number, or email
3. Find contact details from a trusted statement, card, or official site
4. Contact the organization independently
5. Ask a trusted person when pressure is high
6. Report and block the fraudulent contact

Do not use links or callback details supplied by the suspicious message.

Respond to suspected fraud

1. Contact the financial institution through a trusted channel
2. Lock affected cards and accounts
3. Change exposed credentials from a clean device
4. Save messages and transaction records
5. Review credit reports and place freezes when appropriate
6. Use IdentityTheft.gov and ReportFraud.ftc.gov for official next steps

Urgent action and careful records improve the chance of limiting harm.

Self-test

Answer each question from memory, then check your work against the answer key.

1. A caller says bank funds must be moved immediately to a safe account. What is the best response?

- A) End the call and contact the bank through a trusted number
- B) Share the one-time code to prove identity
- C) Transfer the funds before the deadline
- D) Call the number shown in the caller's text

2. Which payment request is a strong scam warning sign?

- A) An invoice matched to an approved purchase order
- B) Gift-card codes demanded to settle a government debt
- C) A check to a verified local landlord
- D) A card payment through a known utility portal

3. Why is caller ID not sufficient proof?

- A) Only landlines show numbers
- B) Caller ID always blocks government agencies
- C) The displayed identity can be spoofed
- D) Banks never make outbound calls

4. What should happen when a message combines urgency and secrecy?

- A) Reply to the sender and ask for proof of identity
- B) Act before anyone can interfere
- C) Call the number in the message to verify the request
- D) Pause and verify independently

5. What is the safest use of a one-time authentication code?

- A) Post it in a support chat from a search ad
- B) Forward it to anyone claiming to be security
- C) Read it to an incoming caller
- D) Enter it only in the legitimate service you initiated

6. What can a credit freeze help prevent?

- A) New credit opened by an identity thief
- B) Fraudulent charges on an existing card
- C) The loss of a physical wallet
- D) Every phishing message

7. How many nationwide credit reporting companies must be contacted for a complete U.S. freeze?

- A) One company chosen by the employer
- B) Only the company with the highest score
- C) All three separately
- D) Only the bank that issued a card

8. What is a strong password practice?

- A) Disable all account alerts
- B) Use unique passwords stored in a reputable password manager
- C) Reuse one memorable password everywhere
- D) Send passwords to yourself by public post

9. What should be preserved after suspected fraud?

- A Just the total dollar amount that was lost
- B Messages, dates, transaction details, and report confirmations
- C Passwords written in the complaint
- D No records after the card is locked

10. Which official site creates a U.S. identity-theft recovery plan?

- A HealthCare.gov
- B Investor.gov
- C AnnualCreditReport.com
- D IdentityTheft.gov

Go deeper

LISTEN Lesson 10 episode 7:30 · FlashFeed Study Notes podcast

WATCH Stop, Verify, Act 0:32
Scams often arrive with urgency, threats, secrecy, or a request to move money for protection.

WATCH Freeze It 0:31
A credit freeze blocks new creditors from seeing your credit file. It can help prevent new-account identity theft.

WATCH Bigger Than the Count 0:30
About $16 billion. That's what consumers reported losing to fraud in 2025, by the Federal Trade Commission's count.

ONLINE This lesson on the web flashfeedlearningapp.com/study-guides/money-101/scams-and-smart-consumer-skills

STUDY Money 101 in the FlashFeed app flashfeedlearningapp.com/packs/money-101

Answer key

Lesson 1: Money Foundations and Mindset

1. A What do I want my money to protect or make possible?
Values clarify why tradeoffs matter before products or tactics are selected.

2. B Move the transfer to just after payday
Changing timing removes friction and is more durable than demanding more willpower.

3. C Past spending is evidence about the system and circumstances
A useful review studies patterns without turning them into a moral verdict.

4. D They preserve options when an unexpected need appears
Liquid savings can create time and choices during shocks; it cannot eliminate all risk.

5. A A realistic plan with useful defaults and room to adjust
Durable systems fit actual behavior and can adapt when conditions change.

6. C Money is a tool for meeting needs
Money is a tool for meeting needs, expressing priorities, and preserving options. Net worth does not measure character, and a useful plan should not demand perfect behavior. Change the environment (timing, defaults, reminders, account structure) rather than relying only on willpower.

7. B A grade on someone's life or character
Net worth is a tracking measure, not a grade on your life or a verdict on character.

8. D Negative $15,000
Assets minus liabilities equals $40,000 minus $55,000, or negative $15,000.

9. D Take-home pay received this month
Cash flow tracks money received and spent during a period; the other choices are balance-sheet amounts.

10. A It is a starting measurement that can improve over time
Net worth is a point-in-time measure, not a permanent identity or a cash-flow diagnosis.

11. B An unpaid student-loan balance
A loan balance is an amount owed; the other choices are assets.

12. C They reveal different kinds of financial change
Cash flow shows period activity while net worth shows assets and obligations at a point in time.

Lesson 2: Budgeting and Cash Flow

1. B The household's take-home income
Take-home income is the amount available after payroll taxes and deductions.

2. C A predictable irregular expense
The date and approximate amount can be anticipated even though the bill is not monthly.

3. D The dates of income and bill payments
The symptom points to cash-flow timing rather than insufficient monthly income.

4. A A grocery total that changes each week

Variable expenses change with use, price, or choice.

5. C Planned outflows exceed available income

A deficit is a cash-flow gap that requires changed income, spending, terms, or support.

6. D Someone who needs detailed control over where each dollar goes

Zero-based budgeting is a detailed allocation method.

7. A As a starting comparison that can be adapted

The percentages are a heuristic and may not fit local costs or obligations.

8. B An automatic transfer after payday

Automation addresses an execution problem when the amount and timing are already understood.

9. B A conservative baseline plus a rule for surplus months

A baseline protects essentials while a surplus rule allocates better months deliberately.

10. D It keeps normal variation from breaking the whole plan

A small buffer makes the plan resilient without removing accountability.

Lesson 3: Banking and Accounts

1. A A checking account

Checking accounts are operating accounts intended for routine transactions.

2. D Fees, minimums, access, and account rules

The full account terms determine whether the product fits and whether yield is preserved.

3. C A card purchase that is still pending

Pending card purchases, holds, and payments not yet posted may not show in the displayed balance. Cleared deposits, credited interest, and posted transfers are already counted.

4. B Set alerts and understand opt-in choices

Alerts and informed account settings help prevent transactions from exceeding available funds.

5. D Annualized growth on deposit accounts

The annual percentage yield (APY) includes compounding in an annualized deposit yield.

6. A $250,000 per depositor, bank, and ownership category

Coverage is organized by depositor, insured bank, and ownership category, not by branch or account number alone.

7. C Money in a savings account

Savings accounts are deposit products; investments and box contents are not FDIC-insured.

8. B Use the official FDIC or NCUA lookup tool

Official lookup tools identify insured institutions and avoid branding confusion.

9. B Combined within the same ownership category

Deposits in the same ownership category at the same bank are generally added together.

10. C Their bank location does not make them FDIC-insured deposits

Deposit insurance protects eligible deposits, not investment values.

Lesson 4: Saving and Emergency Funds

1. B A car registration due every year
Registration is predictable even though it is not monthly.

2. D The money may be needed fast without a big loss
Emergency funds prioritize safe access over maximum growth.

3. C A longer-term starting point to adapt to household risk
Household stability and likely shocks determine an appropriate target.

4. A Highly variable income with several dependents
More income volatility and obligations increase the need for cash resilience.

5. A It can curb accidental spending yet keep access
A separate account creates useful mental and operational boundaries.

6. B A realistic automatic transfer scheduled after payday
A workable amount and reliable timing reduce friction and reversals.

7. C About 12 years
Seventy-two divided by six equals about twelve.

8. D Actual returns, taxes, fees, and rates can change
The rule is an estimate, not a forecast or guarantee.

9. A Previously credited growth can also earn future growth
Compounding adds prior growth to the base on which future growth may be calculated.

10. D In a safe, accessible cash account
Short horizons prioritize safety and access over uncertain returns.

Lesson 5: Credit and Credit Scores

1. C The report contains data; the score applies a model to report data
A score is derived from credit-report information using a scoring model.

2. D Payment history
FICO publishes payment history at 35% for the general population, while noting profiles vary.

3. A Checking your own credit report
Consumer-initiated report checks do not affect Fair Isaac Corporation (FICO) Scores.

4. B A late payment reported for a month paid on time
Incorrect payment history can affect decisions and should be documented and disputed.

5. D They may use different bureau data, dates, or model versions
Scores are model outputs tied to particular data and timing.

6. A The smallest required payment to keep the account current
Minimum payment is a contract requirement, not necessarily a good payoff amount.

7. B Paying the statement balance in full by the due date
Grace-period terms generally depend on paying the statement balance in full and on time.

8. C Pair it with alerts and enough checking cash

Autopay reduces accidental lateness but still requires monitoring and funding.

9. C It is what a lender allows, not your repayment plan

Affordability depends on cash flow and goals, not the maximum approved balance.

10. D Pay on time and keep reported balances manageable

Timely payment and controlled balances address major scoring and cost risks.

Lesson 6: Debt and Borrowing

1. C APR, term, fees, amount financed, and total cost

The annual percentage rate (APR), term, fees, amount financed, and total cost all determine affordability and lifetime cost.

2. D The payment may fall while total interest rises

More repayment periods can lower each payment but add time for interest to accrue.

3. A Specific collateral backs the obligation

Collateral gives the lender a claim to a specified asset after default under the rules.

4. B How much will I pay in total if I follow the contract?

Total-of-payments and fee information expose costs hidden by payment-focused selling. Skipping disclosures, lowering only today's payment, and touting same-day approval are all sales tactics that redirect attention from the loan's true total cost.

5. C The rate and required payment may change

Rate changes create future payment and total-cost uncertainty.

6. D Target the highest APR after paying all minimums

The avalanche focuses extra payments on the most expensive balance, the one with the highest annual percentage rate (APR), while maintaining every minimum.

7. A Small balances can disappear sooner and create momentum

Early account payoffs can reinforce the routine even when the method is not mathematically cheapest.

8. B A longer term or new fees can raise total cost

A lower payment can hide a longer repayment period or additional costs.

9. B Keep required minimums and essential obligations current

Avoiding default and protecting essentials comes before acceleration.

10. A Contact creditors before missing payments and document options

Early communication can reveal legitimate options and preserve documentation.

Lesson 7: Income and Taxes

1. D Net pay

Net pay is what remains after taxes and other payroll deductions.

2. B A prepayment toward the final tax calculation

Filing reconciles prepayments with the tax calculation and credits.

3. A Form W-2

Employers generally furnish W-2 wage statements to employees.

4. C Tax may be owed even if no information form arrives

Taxability depends on income and law, not merely on receipt of a form.

5. B To catch errors in hours, rate, taxes, and deductions

Prompt review makes payroll discrepancies easier to identify and correct.

6. C Only the income in the new layer is taxed higher

Progressive brackets apply rates in layers.

7. A Total income tax divided by an income measure

Effective rate summarizes an overall tax burden; marginal rate concerns the next dollar.

8. D A deduction reduces taxable income; a credit reduces calculated tax

They enter the tax calculation at different stages.

9. D The marginal rate of that bracket

Only the dollars in the new layer receive that bracket's marginal rate. The effective rate is total income tax divided by an income measure.

10. A A credit reduces calculated tax after brackets apply

A credit generally reduces calculated tax, and some credits can be refundable. A deduction is the one that reduces income subject to tax.

Lesson 8: Insurance and Risk

1. D Contractual coverage under the policy's terms

Premiums keep coverage in force; the policy defines covered risks and limits.

2. C The household may not have enough cash when a claim occurs

A deductible is a real cash exposure that should fit available reserves.

3. A A percentage of the allowed cost paid by the member

Coinsurance is percentage-based cost sharing, unlike a fixed copayment.

4. B Premiums

Premiums pay for the coverage itself and never count toward the out-of-pocket maximum; deductibles, copayments, and coinsurance for covered in-network care do.

5. B Deductibles, cost sharing, limits, networks, and exclusions

Total and worst-case exposure depend on the full contract, not one price.

6. C Renters insurance

The landlord generally insures the building; the renter needs coverage for personal risks.

7. A Loss of earned income after covered illness or injury

Disability coverage replaces part of income when the insured cannot work under the contract.

8. D It covers a stated term and usually does not build cash value

Term insurance focuses on death-benefit protection for a defined period.

9. D When others depend on the insured's income or care

Coverage should connect to obligations or economic support that would otherwise disappear.

10. C Neither is best for every household or need
The tradeoff is contextual; neither product is a universal winner.

Lesson 9: Retirement Foundations

1. A An employee contribution under the plan's formula
Matching contributions are tied to employee deferrals and plan-specific rules.

2. B When employer contributions become the worker's own
Vesting schedules apply to employer money; employee deferrals remain the employee's.

3. C A defined benefit pension
Defined benefit plans promise a formula-based retirement benefit.

4. D When taxes are generally paid under the applicable rules
The labels concern tax timing and eligibility, not a unique asset class.

5. A A federal retirement foundation based partly on covered earnings and claiming age
Social Security is an important income source but not necessarily a complete retirement plan.

6. C A separate federal program funded by payroll taxes
Social Security is a separate federal program financed largely through payroll taxes, unlike a workplace plan.

7. D Covered earnings and the age benefits are claimed
Social Security benefits depend on covered earnings and claiming age, distinct from employer plan rules.

8. B An automated amount that fits current cash flow and is reviewed after changes
A repeatable contribution can grow over time without destabilizing current obligations.

9. C Reduces dependence on a single investment or exposure
Diversification manages concentration risk but cannot remove market risk.

10. D Small recurring percentages can reduce long-term value
Costs compound against the investor just as returns compound for the investor.

11. B Use the actual match, interest costs, stability, and consequences to choose
The tradeoff is contextual and should protect essential obligations and resilience.

12. A Verify the current tax year and eligibility rules
Limits and eligibility can change and apply differently by plan and age.

Lesson 10: Scams and Smart Consumer Skills

1. A End the call and contact the bank through a trusted number
Independent verification breaks the scammer's control of the channel.

2. B Gift-card codes demanded to settle a government debt
Government debts are not resolved through gift-card codes.

3. C The displayed identity can be spoofed
Scammers can make a call appear to come from a familiar organization.

4. D Pause and verify independently
Pressure and isolation are manipulation tactics; a pause restores independent judgment.

5. D Enter it only in the legitimate service you initiated

Authentication codes prove access and should not be shared with unsolicited contacts.

6. A New credit opened by an identity thief

A freeze restricts access to the credit file used for new-credit decisions.

7. C All three separately

Equifax, Experian, and TransUnion each maintain a separate file and freeze.

8. B Use unique passwords stored in a reputable password manager

Unique credentials limit the damage when one service is breached.

9. B Messages, dates, transaction details, and report confirmations

Documentation supports disputes, recovery steps, and later follow-up.

10. D IdentityTheft.gov

IdentityTheft.gov is the Federal Trade Commission (FTC) recovery-planning service; the other sites serve different purposes.

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