

E-Consumerism Final Review

The consumer in the market place

- House brands vs. national brands
 - House brands are created for/by the store that sells it. You won't find it anywhere else, it often is just as good as a national brand, and it is often cheaper. National brands are sold across the nation, and are often more commonly recognized.
- Consumer protection agencies
 - Agencies – such as consumer reports or others – that review products to find possible problems and report them to the public.
- BBB (Better Business Bureau)
 - A group that many companies belong to, which regulates their policies and ensures compliance with a set of standards. Member businesses not following these standards can be reported, and the BBB will try to settle any problems.
- Bait and Switch
 - When one product is advertised at a low price, but is unavailable when someone tries to buy it. A substitute product is available, but only at a higher price.
- Loss Leader
 - When a product is advertised at a low price in order to get people to go to a store. When people come, they are expected to buy other products, and the store can make more money.

The Consumer in the Economy

- Inflation
 - The economic term for when a given amount of money is “worth” (can buy) less than it was before.
- Rewards from owning a business
 - Tax deductions, extra income, etc.
- CPI (consumer price index)
 - An index of the price of a certain set of goods. Can give an indication of the economy.
- Competition in the marketplace
 - When multiple companies compete for consumers, prices are lower and quality is higher. This is good for consumers.

Budgeting

- Definition:
 - Making a summary of intended expenditures along with proposals for how to meet them.
- Fixed vs Variable
 - A fixed expense stays the same each month (cable bill), a variable expense changes each time (gas).
- Net worth = assets – liabilities
- Assets vs Liabilities
 - Assets are things that you own. Liabilities are things you owe.

Saving, Investment, and Financial Services

- Endorsements
 - Blank endorsement – anyone can get the money. Restrictive endorsement – the money must be deposited in your account. Endorsement in full – gives the money to another person. The last two are the safest.
- Cashier's check
 - A bank note for the value of cash given to the bank to pay for the cashier's check, to be paid to a named payee.
- Reconciling
 - Assessing the differences between a checking account and checks issued. (Hopefully there are no differences)
- NSF
 - Non-sufficient funds – When money cannot be withdrawn from an account, often involving a check. There is usually a fee if this happens.
- Cancelled check
 - A check that is no longer valid. Usually returned to you after it has been cashed.
- FDIC insures \$100,000/depositor.
- Dividends
 - Paid to shareholders from the profits of a company. Optional.
- Common Stockholders vs Preferred Stockholders
 - Preferred stock gives additional benefits, such as higher dividends, more voting power, get paid first when company liquidates.
- Mutual fund
 - A fund that uses money from many people to buy lots of different stocks. May have one of several different categories.
- Bond
 - A loan to the government or a company, paid back for face value several years later.
- Federal Reserve Bank's responsibility
 - Provide money to banks, produce money, check for counterfeit money, and regulating banks.
- Credit Union
 - An organization similar to a bank formed through all its users. Share costs and benefits.

Consumer Credit

- Credit Card is lost/stolen – liable for amount on card contract.
- Fair Credit Reporting Act
 - Requires credit providers to give a truthful representation of their services.
- Consolidation
 - When one company pays off your debt, and you simply pay them. Makes things easier.
- Bankruptcy
 - When you've got no or very little money. You can go to court and be declared bankrupt, and you will have reduced payments on debts, and some financial institutions will forgive part of your debts.
- 3[+1] C's of Credit
 - Capacity

- Capital
- Character
- Collateral (4th)
- Cosigner
 - If you have bad credit, you may be asked to have a cosigner. They guarantee that you will pay. If you don't pay, they pay.
- Advantages/Disadvantages of Credit
 - Credit lets you borrow money. Good credit means you will pay less for loans. Bad credit means you pay more interest or don't get a loan at all.
- Secured Loan vs Unsecured Loan
 - A secured loan has backing, like a house. (If you can't pay the loan, the bank gets to take your house.) An unsecured loan doesn't.

Taxes

- 1040EZ
 - Tax form filled out if you meet some specifications (not too much income, not too old, no unusual circumstances). Easier than most tax forms. Under 65, under \$1,500 taxable income, no dependents.
- W-2
 - Form that shows income and taxes. Comes from your employer, used on other tax forms.
- Property tax is the largest source of revenue for local governments

Insurance

- In Illinois, drivers are required to have property damage liability.
- Collision
 - Covers damage to your vehicle as a result of a collision with another car.
- Comprehensive physical damage
 - Covers damage to your vehicle when it is not covered by collision.
- Bodily injury liability
 - Covers damage to others when you are at fault.
- Property damage liability
 - Covers damage to others' property when you are at fault.
- Deductible
 - What you pay on your insurance claim before the insurance company.
- You can live without collision insurance.
- Beneficiary
 - Gets paid as the result of an insurance policy. Usually on life insurance policies.
- Cheapest insurance for life insurance is term insurance.

Housing

- Security Deposit
 - Money you pay to pay for any damage to your rented apartment/etc. You get it back when you leave (if you leave it in good condition).
- Positives/Negatives of owning vs. renting
 - Owning: You don't need to pay monthly, but you can't leave easily. Costs a lot up front.
 - Renting: You pay monthly, but you can move cheaply. Not a large area, but it doesn't cost a lot up front.

- Sublease
 - Renting out something (e.g. an apartment) you have already rented.
- Lease
 - The agreement between the landlord and you.
- Tenant Insurance insures personal property and liability on the rented area.
- Association fees
 - Fees paid to cover maintenance, snow removal, and some utilities such as trash or water.

Food

- Unit price
 - The price you pay for a given item. (\$1.50 2-liter bottle costs \$0.75/liter)
- Food product label
 - Gives information on the nutrients, fats, etc. in the product. Ingredients are listed by weight in the product

Transportation

- Limited warranty
 - A warranty that doesn't cover some things.
- "As is"
 - No warranty
- You will pay less for a shorter loan. You pay more for a longer loan.
- Depreciation
 - Where your car decreases in value the more it is used.
- Salvage value
 - The value of a car when it makes more sense to buy a new one than to repair it.
- Advantages/Disadvantages of leasing/renting
 - Lower payments, new car more often. You don't own it.

Clothing

- Care label
 - A label on clothing that gives information on how it needs to be cleaned.
- Impulse shopping
 - Buying something you see because you want it – buying on an impulse.
- Wool needs to be dry-cleaned.

Home Furnishings

- Age you need to be to purchase a home is 18 years old.
- A mortgage is a loan on a house, secured by the house. Very common.
- Reduce spending on home energy by increasing insulation and buying things that are energy efficient.