

Full Course “Interview-Style” Assessment

For this assessment, assume you are a personal finance expert (because you’ve completed this course), and a 29-year-old comes to ask you for help. His questions are given below. Provide a thorough, factual response for each question that illustrates what you know about the topic.

1. Let’s start with an easy one I’ve always been embarrassed to ask: What is a credit score? How is it calculated? And what if mine is bad?

2. I’ve had a 401(k) since I started my first job, and it’s been following me around ever since. But do I need to do anything with it? I’ve heard people say you should contribute 10 percent of your income to it, but for many people (i.e. me) that’s not really possible.

3. Let’s say my job didn’t offer a 401(k). What would I do then?

4. Staying on this idea of saving, I am finally at a place where I have saved a (tiny) amount of money in my savings account. But now, it’s just kind of sitting there. What should I do with it?

5. I have about \$13,000 left on a few student loans, each with around 5 to 7 percent interest. 1. Are those decent rates? Should I consider “refinancing,” which is a term I have heard many times but understood zero times?
6. Is it better for my long-term financial health to pay off my student loans by increasing my monthly payments as much as I can, or is it better to save/invest in other ways?
7. So let’s talk about credit card rewards. Is it a good strategy to use a rewards card on day-to-day purchases and pay off the balance every month?
8. Why do credit card companies specifically prefer you to use your credit card, rather than your debit card, at the store?
9. Can we end with the one most important piece of advice you think everyone like me should know as we become real adult people?