

Unit 1: Earning Income

Name: _____ Class: _____ Date: _____

Lesson 1: Earning Potential

1. Define the following terms:

A. **Earning potential** – _____

B. **Opportunity Cost** – _____

C. **Productivity** – _____

D. **Human Capital** – _____

2. What does it mean to have a career?

3. List some of the opportunity costs that you experienced with your choices. *(Note: You may answer this question several times as you play the game.)*

4. What was your final coin total (your earning potential) for the game?

5. Describe the choice that best helped your earning potential.

6. Who has the most control over your earning potential?

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Lesson 2: Types of Income

1. Earned income is _____.
2. The three forms of earned income are: _____
3. Label the following examples of earned income:
 _____ Ricky's pay is \$58,000 per year.
 _____ Abigail's pay is 25% of her sales for the month.
 _____ Jacqueline's pay is \$18 per hour.
4. Based on the examples in the lesson, what do you believe are some factors that influence earned income? _____
5. Portfolio income is _____

6. List three ways to produce portfolio income:

7. Is this an example of portfolio income? *Lillian purchased a house for \$150,000. Lillian and her husband invested \$50,000 into home improvements. Lillian and her husband were able to sell the house for \$275,000.* Yes No
8. Is this an example of portfolio income?
Michael purchased stock in a grocery chain named Weigler's. Weigler's stock has decreased in value over the last year, and Michael has lost money. Michael decides to sell all of his Weigler's stock to prevent further financial loss. Yes No
9. Passive income is _____

10. Passive income is generally _____ income.
11. Evaluate the following examples and check the ones that represent passive income:
 _____ *Sue Anne purchased a second, larger home in which to live. She has decided to rent her first home out for \$1,500 a month. Her mortgage on the first home is \$1,250.*
 _____ *Yesterday, Chrissie purchased her favorite magazine for \$3.99. She read the issue and decided she wasn't impressed. She sold it to her classmate, Julie, for \$3.99.*