

When Plans Change

Trace how unexpected events can affect personal finances and future choices.

SS.8.FL.6.1 "Analyze the fact that personal financial risk exists when unexpected events can damage health, income, property, wealth, or future opportunities."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline each unexpected event in the passage. Circle each result it could cause, then write H for health, I for income, P for property, W for wealth, or F for future opportunities beside the circled result.

The Cost of Surprise

- ① Personal financial risk means an unexpected event can cost money or reduce resources. A sudden event may harm a person's health, ability to earn income, belongings, savings, or plans for the future. The risk is not the same as a guaranteed loss. It is the possibility that a loss could happen. For example, a broken wrist can bring medical bills and may keep a restaurant worker from taking scheduled shifts. One event can affect both health and income at once.
- ② Consider Darius, who saves money from mowing lawns to buy a used laptop for a career-training program. After a storm, a tree branch falls on the family's garage and damages the lawn mower stored inside. The family may need to pay for repairs or replacement. Until the mower works, Darius cannot earn his usual income. If he uses his laptop savings for the mower, he may delay entering the program. Property damage can therefore threaten income, wealth, and future opportunities.
- ③ Families can lower some financial risks, although no choice removes every risk. Health insurance can help pay covered medical costs, and property insurance can help after certain covered damage. An emergency fund may help a household handle a lost paycheck or repair without borrowing. Insurance usually requires regular payments, called premiums, and policies may not cover every cost. Before choosing protection, people compare the event's possible effect with the cost and limits of the plan. Planning protects choices as well as money.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 What unexpected event damages Darius's property? Name two financial effects that could follow from that event.

2 Why could a broken wrist create a financial risk beyond the medical bills?

3 How does the passage explain the difference between financial risk and a guaranteed loss?

4 According to the passage, how can insurance and an emergency fund each reduce financial risk? Include one limit of insurance.

3 YOUR TURN _____ Your own words

Write 3 or 4 sentences about a different unexpected event that could affect a person's finances. Explain effects on at least three of these areas: health, income, property, wealth, or future opportunities, then name one way the person could lower the risk and one limit or cost of that choice.

PART 1 • READ AND MARK

Underline each unexpected event in the passage. Circle each result it could cause, then write H for health, I for income, P for property, W for wealth, or F for future opportunities beside the circled result. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	What unexpected event damages Darius's property? Name two financial effects that could follow from that event.	A storm causes a tree branch to fall and damage the lawn mower. The family may pay for repairs or replacement, Darius may lose mowing income, and he may use savings that were planned for a laptop and delay the program.
2	Why could a broken wrist create a financial risk beyond the medical bills?	A broken wrist could keep the restaurant worker from taking scheduled shifts, which reduces income as well as creating medical costs.
3	How does the passage explain the difference between financial risk and a guaranteed loss?	Financial risk is the possibility that a loss could happen. It does not mean that the loss will definitely happen.
4	According to the passage, how can insurance and an emergency fund each reduce financial risk? Include one limit of insurance.	Insurance can help pay covered medical costs or certain covered property damage. An emergency fund can help pay for a lost paycheck or repair without borrowing. Insurance requires premiums and may not cover every cost.

PART 3 • YOUR TURN (SAMPLE ANSWER)

After a car hits Nia's bicycle, she needs medical care and cannot make delivery shifts for several weeks. Her damaged bicycle is property that must be repaired, and using savings for repairs and bills reduces her wealth. With less money, she may postpone a computer course that could lead to better work. Health insurance and an emergency fund could reduce some costs, but premiums and uncovered expenses may still remain.

Accept equivalent explanations that accurately connect an unexpected event to financial effects. For Part 3, look for a plausible event, effects in at least three named areas, and a realistic risk-reduction choice with a stated cost or limit.