

Managing Your Personal Finances

7e



RYAN & RYAN

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Seventh Edition**

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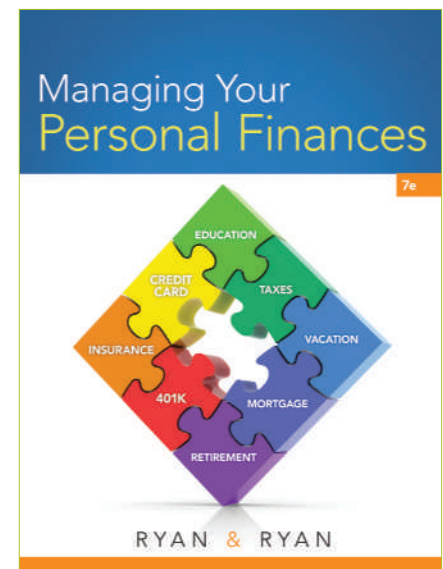


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Secure Students' Financial Futures

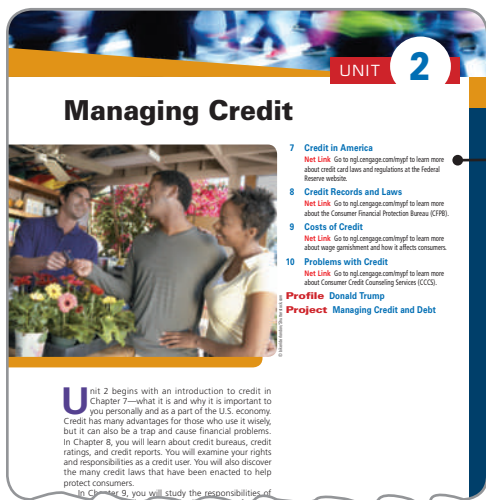
While focusing on the student's role as citizen, student, family member, consumer, and active participant in the business world, *Managing Your Personal Finances 7e* informs readers of their various financial responsibilities. Students will discover new ways to maximize their earning potential, develop strategies for managing resources, explore skills for the wise use of credit, and gain insight into the different ways of investing money. Special features in each chapter focus on current trends and issues that consumers face in the marketplace and help students learn to secure their financial future. The 7th edition provides updated coverage of timely topics including social media, health care, and identity theft, to increase student awareness in these critical areas of personal finance.

- Ensuring that basic personal financial management skills are attained, this content is aligned with the Jump\$tart Coalition's national standards for personal financial literacy.
- To prepare students to become knowledgeable and ethical consumers, this content meets the standards for personal financial literacy established by the National Business Education Association (NBEA).

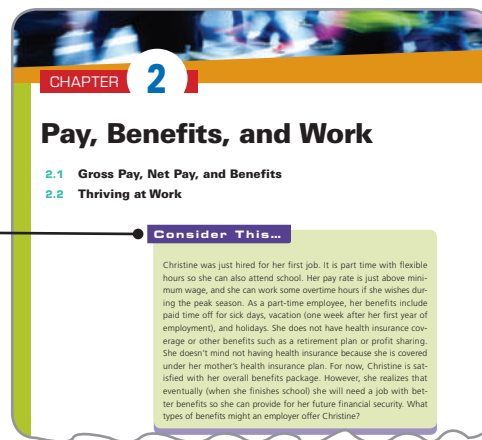


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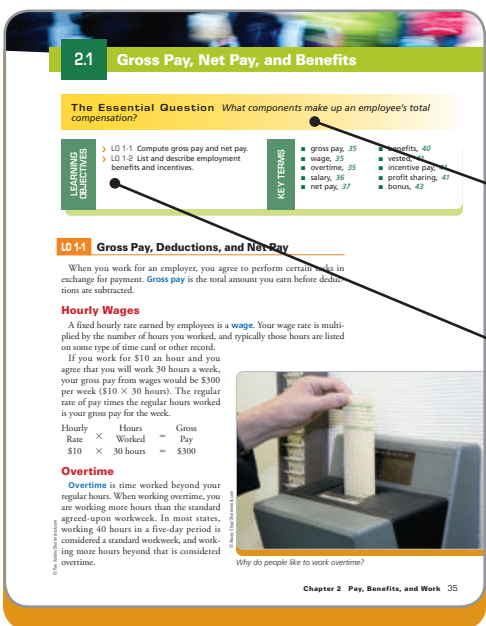
Presenting the Most Comprehensive



New **Net Links** direct students to the companion website for additional activities related to chapter content.



Consider This is a real-world scenario that connects students to the chapter content and gets them engaged.



Lessons make the text easy to use in all classroom environments.

An **Essential Question** frames the main idea that students will explore in the lesson.

Clearly stated **Learning Objectives** preview the concepts and guide students through the lesson.

Personal Finance Program Available!

2.1 Assessment

KEY TERMS REVIEW
Match the terms with the definitions. Some terms may not be used.

- Time worked beyond regular work hours
- A plan that allows employees to share a portion of the company's income
- A fixed annual amount of gross pay
- Compensation that encourages employees to strive for high performance
- A fixed hourly rate of pay
- Forms of employer compensation in addition to pay
- Total earnings before deductions are subtracted
- Incentive pay based on quality of work, years of service, or profits

CHECK YOUR UNDERSTANDING

LO11 9. What is included in gross pay? List some required and optional deductions from gross pay.

LO10 10. List benefits provided to most full-time, permanent employees.

LO11 11. For employees, what is the advantage of cafeteria-style benefits plans?

APPLY YOUR KNOWLEDGE

LO11 12. If your annual pay is \$36,010, what is your biweekly pay based on 26 biweekly paychecks? What is your hourly rate of pay if you work 160 hours per month? What is your overtime rate?

LO12 13. Assuming you could contribute up to 5 percent of your gross pay of \$36,000 into a 401(k) and your employer would match your contribution up to 1 percent of your salary, what total amount would be contributed to your account each year?

THINK CRITICALLY

LO14 14. Why are salaried employees often excluded from overtime pay? Do you think this is fair? Explain your answer.

LO15 15. As an employee, would you consider paid vacations and holidays motivational? Why or why not?

The Essential Question Refer to The Essential Question on p. 25. An employee's total compensation package includes wages or salary (gross pay – deductions – net pay), benefits, and incentives.

Chapter 2 Pay, Benefits, and Work 45

Engaging features within each **Lesson Assessment** give students a chance to check their understanding of the terms and content before advancing to the next lesson.

- Key Terms Review
- Check Your Understanding
- Apply Your Knowledge
- Think Critically

The Essential Question at the beginning of each lesson is answered on the Lesson Assessment page, allowing students to revisit the main points of the lesson and assess their comprehension.

Chapter Assessments give students the opportunity to tie their learning together. The **Summary** is a bulleted list of chapter concepts for quick review.

Apply What You Know, Solve Problems and Explore Issues, and Extend Your Learning challenge students to dig deeper into the issues.

New **Chapter Projects** at the end of every chapter allow students to apply their knowledge of the chapters' topics to expanded activities.

New **Guided Decision Making** activities lead students through discussion questions designed to encourage critical thinking.

CHAPTER 2 Assessment

SUMMARY

2.1 Gross pay includes your regular pay (wages or salary) plus overtime earned during the pay period.

- Deductions (both required and optional) are subtracted from gross pay to determine net (take-home) pay.
- Benefits in addition to pay include paid time off for vacations and holidays, sick pay, bereavement pay, group health and life insurance coverage, and retirement plans.
- Incentives encourage employees to strive for higher performance levels. Examples of employee incentives include profit sharing, expense accounts, employee discounts, bonuses, and stock option plans.
- Employees become vested in pension plans and other employer-funded retirement plans after a specified number of years with the company.
- Cafeteria-style plans allow employees to choose benefits that best meet their needs.
- Employees should evaluate the benefits offered by various employers to determine whether they meet their needs, especially in the areas of health insurance and retirement plans.

2.2 The digital age has created new opportunities and responsibilities for employees as they consider their personal needs and the business' work-week rotation, and job sharing.

- New work models include telecommuting, flextime, compressed workweeks, job rotation, and job sharing.
- Pension plans provide employees benefits because they are able to keep their job while current and use most retirement and employment benefits.
- Unions are organized to represent and protect employees, and public employees often represent their members' interests in their fields.
- Craft unions, industrial unions, retail workers unions, and public employees unions represent their members' interests in their fields.
- Professional organizations serve people in highly skilled occupations by setting and maintaining standards to keep members current in their field.
- Professional organizations and unions try to influence public officials to take political action that benefits their members.

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Solve Problems and Explore Issues

LO11 11. Andrew is single and claims zero allowances. He gets a big refund each year. With weekly earnings of \$400, how much less would be withheld for federal and state taxes if he increased his allowances to two? (Use the withholding tables in Figure 2.3 and Figure 2.4.)

LO12 12. Alexi works for an annual salary of \$36,000 and gets 12 monthly paychecks. As a salaried employee, she is not given any overtime pay. Yet she works more than 60 hours each week.

- Do you think she should be entitled to overtime pay?
- Compute her overtime rate. How much additional pay would she earn each week if she were paid for her overtime hours?

LO13 13. Use the formula given in the Math Minutes to compute the rate of absenteeism and annual cost of absenteeism based on the facts:

- Number of employees: 45
- Number of hour shifts: 3
- Number of workdays in an average month: 22
- Work hours lost during an average month: 624
- Average hourly wage: \$8

APPLY YOUR LEARNING

LO14 14. Many union members believe that union dues, often \$100 or more a month, are too high and that they go toward funding high-paying jobs for people who provide little or no service to members. In addition, there have been widespread reports of corruption in unions. Union membership has been declining in this country for many years. Conduct research to learn more about the kinds of corruption involved in unions. Based on your research, what do you think is the role of unions in this country? Explain.

CHAPTER PROJECT

LO15 15. Geographic location in the United States, level of education and level for the job, type of industry, union membership, and overall pay of the business. Conduct online research about job markets. (You may include your state department of labor, U.S. Department of Labor, and the Bureau of Labor Statistics websites. Prepare a report on your local job market for a job of your choice. Explain how factors, such as those listed above, could affect your job earnings in your field.

Making activity for Chapter 2 at cengage.com/myfl.

Pay, Benefits, and Work 55

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Issues in Your World

What Are Work Ethics?

Work ethics or codes of conduct exist both formally and informally throughout corporate America. Companies are increasingly looking at their values, integrity, and ethics for employees include full-day work for a full-day's pay. When faced with an ethical decision, ask yourself:

- Is it legal?
- Is it morally right?
- Who is affected?
- Would it cause harm?
- Would I be proud or ashamed to be associated with this action?

Many ethical issues have no right or wrong answer. Many ethical issues have no right or wrong answer. Many ethical issues have no right or wrong answer.

THINK CRITICALLY

1. Describe a situation in which you would face an ethical decision.
2. Describe a situation in which you would face an ethical decision.
3. If a company's or an individual's actions are unethical, explain.

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PLANNING A CAREER IN...

Graphic Design

Graphic designers create visual concepts, most often using computer software, to communicate ideas that inspire, inform, and captivate customers. They know how to use color, images, and designs to portray an idea or identity to be used in advertising and promotions for products and services.

Graphic designers often work in the publishing, advertising, and public relations industries or related services. They use their creativity and originality to create layouts of printed pages or websites to show how text and images can come together to convey a message about a client's products or services.

Graphic designers must meet with clients to learn about the project needs. They also present designs to clients and advise them on marketing strategies.

Employment Outlook

- An average rate of employment growth is expected through 2020.
- Employment of graphic designers in computer systems design has a higher growth rate.

Job Titles

- Graphic designer
- Graphic artist
- Communication designers

Needed Skills

- A bachelor's degree is required for entry-level work.
- Creativity and originality are essential.

Additional training is needed for new computer graphics and design software.

What's it like to work in... Graphic Design

Mike works for a major graphics company that specializes in retail promotions. His annual salary is \$45,000. He works both independently and as part of a team. His company allows him to telecommute, so he works from home some days. While in the office, he may attend meetings with the art director and clients.

Today Mike is working on an advertisement for a new client who he thinks can be displayed very creatively. He's looking forward to developing a design that will captivate the consumer's attention. Although he will incorporate his own ideas into the design, he will also implement any specific requests made by the client regarding colors, logos, and images.

As he considers the message the client wants to convey, he starts working on the layout for the advertisement.

What About You?

Are you creative and artistic? Do you like working with technology? What other aspects of this career appeal to you? Are there aspects of this career that you don't like? Do you think a career as a graphic designer might be right for you?

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Issues in Your World is a full-page feature that enriches students' knowledge by acquainting them with real-world issues.

Planning a Career in... offers robust career information and incorporates the 16 Career Clusters.

Global View

In Australia, "career break schemes" allow an employee to negotiate a fixed period away from work of up to several years for educational study or for family commitments, while maintaining a guaranteed job. Career break schemes frequently involve full-time work for short periods and part-time work for phase-out and phase-in stages. During these stages, pay and benefits are usually available. Career break schemes can reduce the loss of experienced staff. Employers help employees who are on a career break to maintain their skills and knowledge by providing training courses or by ensuring access to current work-related information. These activities make it easier for employees to return to work.

THINK CRITICALLY

How might offering career break schemes lead to greater work satisfaction? Are similar benefits available in the United States? If so, describe them.

Global View feature shows international connections relevant to personal finance.

Communication Connection offers speaking and writing activities related to the chapter content.

Communication Connection

When a budget involves two or more people, it is essential for each person to communicate his or her needs to the other person or persons. Often, *negotiating* is required so that each person's values and priorities are being met. When one person dominates and the other(s) go along even if their needs aren't being met, the budget is not likely to be successful. A *family budget* is one prepared for a group living together, providing for overall needs and sharing of expenses.

If you were living with one or two roommates, how would you go about preparing a budget? What kinds of expenses would you share with others? What kinds of expenses would be each person's solely? How can children contribute to a family's budget? Prepare a summary of what you would do to make sure everyone's needs and priorities are being met in a group or family budget.

Viewpoints provide opportunities for students to think critically about issues that have no clear-cut answers.

View Points

Downsizing has been defined as the elimination of part of the workforce, especially in business and government, in order to achieve a more efficient and cost-effective organization. Economic downturns and the resulting downsizing can create a tense workplace. Management insists that in order to remain competitive, jobs must be cut. Employees, particularly those with many years of service, believe their work and their loyalty are not important to management anymore.

THINK CRITICALLY

Do you agree with the claims of each side? What point could you make to support each side? How does the state of the economy play a role in this issue?

Math Minute offers a review and practice in basic math skills linked to the chapter topics.

Math Minute X + ÷

Cost of Absenteeism

Absenteeism is a major issue for employers because it reduces productivity. Newer work models allow more flexibility and in turn help reduce absenteeism, but it is still a recurring problem for business owners. Most labor experts agree that an absentee rate of 2.0 is low, while a rate of 5.0 is high.

Bacon's Health Foods Market operates 24 hours a day, 365 days a year. Employees work three 8-hour shifts. In an average month, a total of 12 employees work 30 days. On average, a total of 180 hours are missed from work each month, which is the equivalent of 7.5 days (180 hours ÷ 8-hour shift = 22.5 shifts). The rate of absenteeism is determined as follows:

$$\text{Rate of Absenteeism} = \frac{\text{Absent Days per Month}}{\text{Work Days per Month} \times \text{Number of Employees}}$$

Using this formula, Bacon's absenteeism rate is 2.88%, or 2.9 (30 × 12). The following formula determines the cost of absenteeism:

$$\text{Cost of Absenteeism} = \text{Annual Lost Time} \times \text{Average Wage Rate} \times 2$$

The formula multiplies the cost of wages by 2 to include the costs of benefits paid to absent employees and the costs of paying temporary employees to replace the absent employees.

Bacon's average wage rate is \$7.50 per hour. Using the formula, the cost of absenteeism is determined as follows:

$$\text{Annual Lost Time} = 180 \text{ hours per month} \times 12 \text{ months per year} = 2,160 \text{ hours}$$

$$\text{Cost} = 2,160 \text{ hours} \times \$7.50 = \$16,200 \text{ wages paid to absent employees}$$

$$\$16,200 \times 2 = \$32,400 \text{ annual cost of absenteeism}$$

Based on the preceding example, compute the absenteeism rate and its annual cost for another business based on the following information:

Goldstein's operates two 8-hour shifts a day. A total of eight employees work 24 days a month. On average, a total of 144 hours are missed from work each month, which is the equivalent of 9 days (144 hours ÷ 8-hour shift = 18 shifts). The average wage rate is \$12 per hour.

Solution:

$$9 \div (24 \times 8) = 4.69\% \text{ rate of absenteeism}$$

$$144 \times 12 = 1,728 \text{ hours lost annually}$$

$$1,728 \times \$12 = \$20,736 \text{ wages paid to absent employees}$$

$$\$20,736 \times 2 = \$41,472 \text{ annual cost of absenteeism}$$

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UNIT 4 PROFILE

Warren Buffett

Warren Edward Buffett was born in Omaha, Nebraska, on August 30, 1930. As a child, Buffett displayed an interest in making and saving money. He went door to door selling gum, Coca-Cola, and magazines. For a while, he worked in his grandfather's grocery store. In high school, he also delivered newspapers, sold pop balls and stamps, and detailed cars to earn money he could set aside.

Buffett also developed an interest in the stock market and investing during his childhood. He visited the New York Stock Exchange (NYSE) when he was 10. At age 11, he bought his first shares of stock (three shares of Citicorp Preferred).

Buffett enrolled at the Wharton School of Business at the University of Pennsylvania at age 16. He then transferred to the University of Nebraska in 1950, earning his bachelor's degree in business administration. Buffett earned his master's degree in economics from Columbia University in 1951.

In 1956 he formed Buffett Partnership, an investment firm, in his hometown of Omaha. By 1960 Buffett had seven partnerships operating. Because of his partnerships, Buffett became a millionaire by 1962. In that same year, Buffett began buying stock in Berkshire Hathaway, a textile manufacturing firm. He eventually took control of the company in 1966 and is currently the firm's chairman, CEO, and largest shareholder.

Throughout the years, Buffett's practice of "value investing," or investing in stocks of well-known, undervalued companies, made him extremely rich. By 1990 Buffett was a billionaire and was ranked as the world's wealthiest person in 2008 by *Forbes*. Buffett is also one of the world's greatest philanthropists. In June 2006 he announced that he would be giving 99 percent of his fortune away to charity, committing 85 percent of it to the Bill and Melinda Gates Foundation. This donation became the largest act of charitable giving in U.S. history.

THINK CRITICALLY

1. How did Mr. Buffett's childhood experiences and his education help him to succeed as an investor and as a business executive?

Unit Profiles showcase real people and describe how they applied the skills presented in this text to their own lives.

UNIT 4 PROJECT

Assessing Your Financial Security

Overview

At the end of Unit 3, you explored how to manage your resources. Now you will continue to improve your financial planning. You can protect your financial security through savings, investments, and retirement and estate planning.

Savings

Although saving money takes self-discipline and motivation, it is a key principle of life. People who make a habit of saving regularly, even small amounts, are well on their way to success. Money you set aside today will allow you to make purchases later. It also helps you plan for life events and be ready for unplanned or emergency needs.

Future Value

When money is deposited in savings, it gains interest until some point in the future when it is withdrawn and spent. *Future value* is the final compounded value of a deposit or series of deposits. By using future value tables (which are built into financial calculators), you can determine how much money you need to set aside today in order to reach a future goal.

Figure U4.1 shows the future value (compound sum) factors to use when computing interest earned at numerous interest rates and allowed to compound for a number of compounding periods. Rather than compute interest

Unit 4 Project 457

Unit Projects are designed to give students hands-on practice applying and extending what they have learned in the book.

STOCK MARKET SIMULATION

Overview

This simulation is designed to help you picture the stock selection process. In Part 1, you will seek appropriate advice; make stock selections; and determine the outcome, based on predetermined stock changes. In Part 2, you will consult financial pages and use real stock listing values to compute real outcomes.

PART 1 Getting Started

As a young person, you should begin investing with more conservative and less risky choices. For the purposes of this simulation, we are assuming that you have accomplished that, and you are now at the point where you are ready to do some direct, systematic investing in individual stocks that involve taking some risks.

You will be given a hypothetical listing of stocks on a typical day of trading on the New York Stock Exchange (NYSE). From the stock listings, you will choose the stocks in which you would like to invest. After one week, you will compute your gains or losses on your initial investments based on a data sheet that contains updated stock information provided by your instructor. After computing your first week gains and losses, you will then have the opportunity to "move some shares of stock." For example, some of your choices aren't doing as good as you had hoped, you may decide to sell them and purchase new stock instead. At the end of Week 2, you will once again compute your ending gains or losses based on a data sheet containing updated stock information provided by your instructor.

Before making your choice of stock, however, you should first seek advice from experts who will help you decide what kind of stocks is right for you. You should also do some research on the corporation in which you are thinking of investing.

This section contains advice that you received when you consulted the following sources: your full-service broker, financial news magazine, an economist, a financial adviser, and a friend who is a successful investor.

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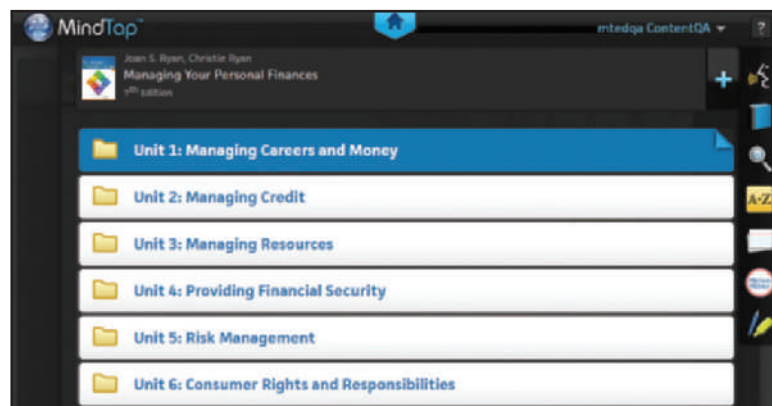
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Managing Careers and Money



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1 Careers in the Digital Age

Net Link Go to ngl.cengage.com/mypf to learn more about career research at the U.S. Department of Labor.

2 Pay, Benefits, and Work

Net Link Go to ngl.cengage.com/mypf to learn more about labor laws protecting workers.

3 Income Tax

Net Link Go to ngl.cengage.com/mypf to learn more about what information and services are available from the IRS website.

4 Budgets and Records

Net Link Go to ngl.cengage.com/mypf to learn more about legal services and fees available through LegalZoom.com.

5 Checking and Banking

Net Link Go to ngl.cengage.com/mypf to learn more about the role of the Federal Reserve System in protecting depositors.

6 Saving for the Future

Net Link Go to ngl.cengage.com/mypf to learn more about the FDIC and how your savings deposits are protected from loss.

Profile Steve Jobs

Project Assessing Your Financial Health

Unit 1 explains how to get started building a plan for financial security. It begins with a look at how careers and privacy are affected in the digital age. Next is an examination of your paycheck and paycheck deductions, which take you from gross pay to net pay. Benefits and incentives in the workplace, the changing work environment, and the role of unions and professional organizations are also discussed.

Next, you will learn how to compute taxes and how to minimize them by understanding tax laws. From there, you will learn about financial planning through the preparation of budgets and other financial records. You will also learn about contracts, both the pros and cons. Finally, you will explore banking services, including effective account management strategies and savings options that can make your money grow.

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Careers in the Digital Age

1.1 Thriving with Technology

1.2 The Job Market

1.3 Career Management

Consider This...

"I was looking into a career that I've always thought I'd enjoy," Ashley told her friend Carlos. "But when I researched it, I found that demand is actually declining and that my prospects of getting hired are not good. I would have to get a bachelor's degree, and that degree wouldn't qualify me for other types of work."

"You're right," said Carlos. "My cousin got his degree in social studies. He found a job but learned that he would have to go back to school and get a master's degree in business. His degree just doesn't give him the educational background to get promoted."

"There are so many things to consider," Ashley said. "You know Rachael, right? She got a job she loves, but it doesn't pay enough for her to live on her own. And Jason, he has a job that pays really well, but he doesn't like it. Somehow I have to find a career that I love and one that pays me a solid wage—at the same time! How do I get started?"

The Essential Question *How does technology provide benefits and pose threats, and how can you cope with changes to technology?*

LEARNING OBJECTIVES

- LO 1-1 Explain how technology affects consumers in their personal lives and careers.
- LO 1-2 List ways you can protect yourself as change creates benefits and threats.

KEY TERMS

- social media, 4
- data, 4
- information, 4
- data mining, 4
- rewards card, 4
- data warehousing, 5
- lifelong learning, 7
- upgrading, 7
- retraining, 7
- self-assessment inventory, 8

LO 1-1 Living in the Digital Era

Technology has changed every aspect of our lives—from the way we work and learn to the way we play and communicate. Computers, and specifically the Internet, have helped us leap into the “digital age.” We now live in an age where information is instantly and readily available to more people than ever before.

Of course, living in a digital age poses inevitable risks, such as identity theft and other privacy concerns. It’s important to consider how living in the digital age affects your life.

The Internet: An Incredible Search Engine

You can look up almost anything on the Internet. You can enter a question or a term in a number of search engines, such as Google, Bing, and Yahoo! Search, and get thousands of possible matches. *Keywords* are used to match your request with websites that provide related information. You can narrow your search by being more specific in your request.

The Internet contains a vast source of information that you can use to help you find and get the job that is right for you. In the past, people read newspapers and circled job openings in the want ads. Today, many jobs are listed on the Internet. Most companies no longer publish their job openings through employment agencies. Instead, they post them on their corporate websites, social networking sites, or employment sites where you can find them and apply electronically. In fact, many businesses now accept online applications only.

Many businesses maintain websites that provide information to customers. You can look up a business’s hours of operation or locations. You can also search for and purchase goods from businesses that sell their products online worldwide. Some businesses sell their products exclusively online.

Social Media

Just a few years ago, the Internet was used primarily for e-mail communication and file sharing, both personally and at work. Today, the Internet

provides much more in terms of gathering and sharing information. **Social media** refers to forms of electronic communication, such as websites, through which users create online communities to share information. First appearing in 2004, social media sites are very common and popular today. Facebook, Twitter, YouTube, and LinkedIn are some of the most popular social media sites. Other examples include Google Plus, Pinterest, Tumblr, and Instagram. The list of social media sites continues to grow.

Information placed and stored on these sites is collected, packaged, and sold to interested third parties. When you post something, it likely is not private. Whether or not it is factual, this type of information can be used both for and against people. For example, someone can Google you and, based on the information gathered, develop an image of you which may or may not be accurate. Like it or not, when you use these sites, you are allowing them to share the information they receive about you.

Using Technology to Collect Consumer Data

Entire industries are fueled by the analysis and application of information collected about people, both with and without their knowledge and consent. Information gathered about you is often used for your benefit. But it can also be used against you in ways you might never expect.

Data Mining and Warehousing

In the last few years, dramatic advances have been made in the capture, processing, transmission, and storage of data. **Data** refers to facts, numbers, or text that can be processed on a computer. This data is stored in databases where it can be accessed for any number of purposes.

All types of organizations, including government bodies, are collecting vast amounts of data about individuals. **Information** is the arrangement of data into useful patterns or relationships. Businesses convert information into knowledge about historical patterns and projected future trends. *Knowledge* empowers the user to make the right decisions, such as what products will and will not sell and who will and will not buy them. Data mining and data warehousing are business intelligence tools used to turn information into actionable knowledge.

Data Mining The process of gathering and analyzing data from a variety of sources and summarizing it into useful information is known as **data mining**. A *customer loyalty program*, such as a rewards card at your local grocery store, is an example of how companies use data mining. A **rewards card** is a data mining system that gathers and stores information electronically about your purchases and grants points (or rewards) that can be redeemed. When you use a rewards card, you will be sent offers, coupons, and other marketing tools that are specifically targeted to your needs as interpreted by the data mining program. For example, if you buy baby food, you are likely to receive coupons for all types of merchandise needed by new parents. The store or business that uses a customer loyalty program is able to increase sales and profitability by targeting people based on their purchasing habits. Such a program also reduces the business's costs because it can analyze customer profitability and focus efforts on its "best" customers.

Companies also use the Internet to mine data. *Web mining* is the use of data mining techniques to collect information from Internet content. A company

can collect data from visitors to its website. It can also collect data you publicly post on blogs and social media sites. For example, a comment you make on a blog about a company's product could be added to that company's database. This kind of information helps businesses identify customers for their products and enables them to market their products directly to those customers.

Data Warehousing The management of data storage and retrieval is known as **data warehousing**. It involves combining data from multiple sources into one comprehensive database, called a *data warehouse*, for easy access. When information is centralized into a data warehouse, it can be used to produce reports that assist in business analysis and decision making. For example, a company can access data specifically related to sales of a certain product. Using reports generated from the data warehouse, the company can answer questions such as, "Which customer bought the largest quantity of this product last year?" The data can be sold to external parties for many purposes, locally, nationally, and even internationally.

Protecting Your Identity

Identity theft is one of the largest and fastest-growing crimes in America. If someone gets enough information about you to assume your identity, he or she can drain your bank account, run up charges on your credit card, and open new accounts. They may even take out mortgages or other loans. In today's age of technology, most identity theft occurs when those to whom you have given your personal information have not protected it from thieves.

You must be careful to whom you give out your personal information such as your name, address, date of birth, and Social Security number. The business in possession of this information stores it in its database. Unless the business takes extreme measures to protect it, your information can be stolen by hackers, dishonest employees, and others who gain access to it. Be wary of a business that wants to make a photocopy of your driver's license or demands your Social Security number. Unless a business is giving you money that must be reported for tax purposes or granting you credit, it does not "need" your Social Security number.

You also must be careful to whom you give debit and credit cards. Information stored on those cards can be used by others to obtain funds from your bank account or charge purchases to your account. Sometimes it's better to use cash or prepaid gift cards. These methods of payment do not contain information related to your identity.

In certain situations, you are required to provide your personal information, such as when applying for a loan or receiving medical treatment. Checking your credit report frequently can help you identify early when someone has stolen your identity.



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Why is it important to protect your credit cards, debit cards, and other sources of credit?

In addition, several companies now offer identity theft protection services for a monthly fee. These services include monitoring your credit reports and scanning known criminal websites for the illegal sale of your personal information. Identify theft will be discussed further in later chapters.

Guarding Your Privacy

Privacy is a very important value in America. Some types of information should not be shared with others and should remain private. Information of this nature can hurt your reputation, your employment opportunities, and your credit, and can even impair your ability to get insurance.

As previously mentioned, the Internet is not private. Everything that is posted is stored electronically and can be accessed by virtually anyone. Therefore, be cautious of what you post online about yourself, your lifestyle, and others. Make sure the information posted cannot harm you or others.

There are privacy laws designed to protect you. The Health Information Portability and Accountability Act (HIPAA) and the Family Educational Rights and Privacy Act (FERPA) are two laws that help protect your medical records and your school records. We will discuss these further in a later chapter.

You are the best person to protect your privacy. Be cautious with postings on social media sites; keep them positive and avoid giving out personal information. Use the Internet wisely. Privacy cannot be restored once it is lost.



CHECKPOINT

How is communication changing because of technology?

LO 1-2 Coping with Change

With rapidly advancing technologies, change is certain. You have three options when it comes to change: you can accept it, reject it, or ignore it. If you accept change, you can help shape it. If you reject change, you will be run over by it, because progress cannot be stopped. If you ignore change, you will be left behind. By rejecting or ignoring change, you will end up frustrated, unemployed, or both. By staying informed, becoming a lifelong learner, and taking classes to stay up to date, you can be aware of changes. By completing a self-assessment, you can make an action plan that will enable you to cope with and reduce the stress of uncertainty.

Stay Informed

Staying current with the latest technologies and advances is a long-term commitment. You should stay aware of new and emerging trends, whether or not they will affect you directly. The more you know about what's going on, the more you benefit. For example, as changes to the health care system take effect and records go online nationally, you should understand what this means to you both now and in the future. Although your medical records will be available wherever you are located, enabling you to get better care, your privacy can be compromised more easily, meaning sensitive information about you can be misused by data miners. By being aware of this, you can take steps to help prevent misuse of your data.

A variety of resources report on national and international trends, from general technology to specific industries. You can read newspapers and magazines to keep up with what is going on in the United States and around the world. You can watch the news and pay attention to what's happening with the economy, with job fields, and with businesses. You can also go to shows, expos, and other events that discuss emerging trends and cutting-edge technology. Participate and be active in the changes. Casting your vote and being politically active may help preserve your rights.

Be a Lifelong Learner

Individuals may change jobs seven times or more over a lifetime. Young adults change jobs more frequently as they carve out their career path. The knowledge and skills required in the workplace change over time as well. **Lifelong learning** means actively seeking new knowledge, skills, and experiences that will add to your professional and personal growth throughout your life. You can join professional associations and service organizations that will keep you informed of what's new in specific job areas. You can attend workshops and seminars to learn about current trends. Attending these events will help make you a more knowledgeable and interesting person as well as increase your opportunities to interact with others in your profession. Lifelong learning is essential to your successful career management and can affect your lifetime income.

Take Classes to Stay Current

Sometimes technology brings change that requires new skills—skills you cannot learn by yourself. When this happens, it's time to actively seek new knowledge by taking classes.

Upgrading means advancing to a higher level of skill to increase your usefulness to an employer. Many jobs, especially those affected by technological improvements, will require regular upgrading by employees.

Retraining involves learning new and different skills so that an employee can retain the same level of employability. Community college and vocational training is geared as much to retraining displaced employees as to preparing employees for entry-level positions. There are numerous sources of retraining:

- Many companies offer technical courses to retrain their own employees. Those who volunteer and are eager to learn will position themselves for advancement.
- Training is available through technical schools, vocational centers, job placement services, business colleges, and community colleges. Many employers reimburse employees for the cost of classes related to their jobs.
- Training over the Internet (online learning) is becoming increasingly common. Employer-sponsored training is often free for employees.



Why do employees need to keep their skill level current?

Complete a Self-Assessment

As you go through life, your needs and values will change. It is important to look inward to define what is important to you and then use this knowledge to plan your future. You should think about what you like doing, what you do well, and what skills and knowledge you want to enhance. For example, you might want to strengthen your understanding of the latest technologies. By learning how to use the newest form of social media, you will be able to communicate with others more effectively. Being more tech-savvy can also help you perform better on the job.

You can find many self-assessment questionnaires at online career sites or by searching with the keyword “self-assessment.” A **self-assessment inventory** lists your strong and weak points along with plans for improvement. As you improve your weak points, they become strengths in your inventory.

Figure 1.1 is a self-assessment inventory that lists a typical high school student’s strengths and weaknesses, along with a plan of action. Completing a similar inventory based on your personal characteristics can help you determine areas that need work.

You might also ask another person to objectively assess your strengths and weaknesses. A different point of view can sometimes help clarify your self-assessment. Also, many high schools, colleges, and technical training institutes provide assistance with self-assessment inventories.



CHECKPOINT

What are ways you can cope with change?

FIGURE 1.1 Self-Assessment Inventory

Strengths	Weaknesses	Plan of Action
<i>Education:</i> High school diploma, including business courses	<i>Education:</i> Weak in basic math skills; need to learn more software packages such as Excel	Take extra classes in algebra; learn Excel and other software
<i>Experience:</i> Internship in office—part-time summer job as administrative assistant; volunteer at church	<i>Experience:</i> Need experience using database programs	Look for part-time job that involves using database applications; take an online course in Access
<i>Aptitudes and Abilities:</i> Good hand-eye coordination; work well with people	<i>Aptitudes and Abilities:</i> Poor public speaker	Practice speaking in small groups; lead a class at church; attend more social functions
<i>Appearance:</i> Neat and clean	<i>Appearance:</i> Need more professional work clothes	Start buying clothes appropriate for work



Agriculture

Farm workers, farm owners, and those who assist in the production of food face many challenges but can be financially successful by bringing vegetables, fruit, meat, eggs, and milk to your supermarket.

Technology has reduced the demand for many types of jobs in this field. Much of the work is hard physical labor. Agricultural workers feed and care for livestock, operate heavy machinery, and participate in outdoor work.

Urban farming has become a popular trend. This activity involves growing fruits and vegetables and even raising chickens and other small livestock in very limited urban spaces. The popularity and profitability of producing *organic food* items has caused many farmers to enter into this niche market.

Employment Outlook

- A decline in employment (–3%) is expected for farm workers in the next decade.
- An increase in urban farmers and organic farmers is expected in the next decade.

Job Titles

- Farm worker
- Nursery worker
- Equipment operator
- Organic farmer

Needed Skills

- No degree is required; skills are learned on the job.
- Experience is helpful, and specialized work, such as breeding, requires training.

- Self-employment traits and skills are needed to be a farmer.
- Physical ability to tend to outdoor activities, such as crops and animals, is required.

What's it like to work in . . . *Agriculture*

Briana loves working with farm animals. She also likes to grow berries and fruits for sale at the local market. During the spring and summer, she plants, cares for, and harvests her crops. She raises organic products, which means there are no sprays, insecticides, herbicides, or other chemicals on her berries and fruits. She works in her greenhouse and small orchard and cares for the animals year-round.

Briana thinks the demand for organic foods will increase, so she is considering growing a new line of vegetables to sell to the local stores that specialize in organics.

Last year, after paying her expenses, Briana netted roughly \$18,000 selling her products. Although she doesn't make a big income from her job, she gets to do what she loves best. And she believes she is contributing to a healthier lifestyle for her customers.

What About You?

Do you like working outdoors with plants and animals? Is fresh food an important part of your lifestyle? Do you think you would enjoy a career in agriculture?