

1. Explain what amortization is and how a down payment and loan duration impact it.

Amortisation is paying off an amount owed over time by making planned. Overtime that we pay, we will pay interest and principle. Down payment will help you decrease amount of the loan then your payment become lower. Loan duration will be effect to interest that you need to pay each time. If you want low interest low then duration time of loan will be short.

2. What is the importance of health insurance and disability insurance in personal financial planning?

Health insurance is the way that you use to protect yourselves from medical and surgical cost that can happen to you like illness or injury. Cost of medical is very expensive so that can effect to your financial. So health insurance will be protect you from financial loss. Disability insurance will protect you from risk of capability of working that you may loss wage or income.

3. What is life insurance? What is its purpose and principle?

Life insurance is designed to pay out your chosen cash sum if you die during the length of the policy. It could be used to help protect the family's lifestyle and everyday living expenses or help pay towards an interest only mortgage. The purpose of life insurance is help people that live by other money to be able to live by themselves without fact from death. If you know that you don't have to take care other after you death so you no need to do life insurance because it not investment or saving.

4. Joe and Jane are both 35 years old. Although they graduated from college almost 15 years ago, they have never developed a diversified investment program. What extra money they had was invested in high-tech stocks that did quite well. Then, with the economic downturn, they encountered major losses. How could asset allocation have reduced the dollar amounts of the Joe's and Jane's losses?

The asset allocation will help us to diversify our risk from investment that effected by market or economic change. In this case, the asset that have negative correlation to market will gain more benefit for economic downturn and that will help Joe and Jane reduce loss form asset that have positive correlation. So this is the way to reduced the dollar amount is invest in asset that have negative correlation.