

1. Explain what amortization is and how a down payment and loan duration impact it
 - Amortization is to spreading payment over multiple period. Amortization is decrease in term of interest rate payment. In the first period of payment, the payment will pay much on interest. However, because the principle has deducted in each payment period, it cause interest rate payment to decrease. So, the amount of payment to principle will be greater over time. For down payment, Amortization payment will be decrease in each period due to the decrease in principle which will be paid every period. For loan, There is also less payment of Amortization in each period but higher interest rate in each period

2. What is the importance of health insurance and disability insurance in personal financial planning?
 - Health insurance is insurance that cover the whole part of a risk occurring from medical expense. So, when I got sick or unpredictable accident occurred. There will sure be a large amount of expense. Insurance will cover up some part of expense which it can help to reduce cost. Disability insurance is the benefit from situation where I cannot do anything by myself. This will help me to feel secure and comfortable more when I have face an emergency situation which I cannot be there by myself. In personal finance planning, these insurance will be reduce cost from expense that is unpredictable.

3. What is life insurance? What is its purpose and principle?
 - Life insurance is important to someone who want to support their next generation but the benefit will occur only when the buyer die in the coverage period. The issuer collect the premium from buyer depend on mortality table. Furthermore, issuer will impose coverage period for buyer to choose the period that buyer predict to get benefit

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 allocation of assets will be helpful in this situation because the assets allocation will help to spread the risk which investor can get profit from one investment while the other make losses. In economic recession, there will likely be company that get benefit from this situation and their stock will increase. So, various investment can reduce the impact of economic downturn.