

Q: The world's financial crisis shows that the way **individuals** manage their money can affect the whole world. Still, many people are unsure of how the crisis began. I'm speaking with economist Ken Lonoff. Mr. Lonoff, where did the crisis begin?

A: It began in the United States. As you know, most people want to buy their own home, but very few people can pay in paper **currency**—cash, that is. Banks have to help these **consumers** by loaning them money to buy things. People need to meet certain **criteria** to get a loan. For example, they need to have a job and be able to pay their bills.

Q: So, how exactly did this crisis begin?

A: Well, in the years that **preceded** the crisis, the economy was good. Financial **professionals** made as many loans as they could and earned a **fee** for each one. They were happy to **assist** anyone who wanted a loan. Even people without jobs were **capable** of getting loans. A huge number of these loans were made.

Q: When did things start to go wrong?

A: Things started to go wrong in 2007, when many people could not pay back their loans. These loans were the foundation for many businesses in the United States and all over the world. Huge **sums** were lost, and many companies went out of business. Loans became very difficult to get, and as a result, economies of countries around the world were affected.



A man reacts to sudden changes in the stock market.

B | Write the correct word in **blue** from exercise **A** to complete each definition.

- _____ are people with special training in a job or career.
- The money and coins used in a country are its _____.
- _____ of money are amounts of money.
- A group of people is made up of many _____.
- _____ are people who buy things or pay for services.
- An event that happened before another _____ it.
- _____ are the factors used to judge or decide something.
- A _____ is the money paid to a person or organization for a service.
- If you are _____ of completing a task, you are able to do it.
- When you help a person, you _____ them.

Read the personal finance tips below. Complete each sentence with the correct form of a word from the box.

assist capable consumer fee precede professional sum

Personal Finance Tips

- Pay the most important bills first. Payment of overdue bills should (1) _____ payment of bills that are not late yet.
- Always pay your bills on time. That way, you will avoid unnecessary late (2) _____.
- Set up your bank account so that a certain (3) _____ is automatically moved to a savings account each month. It's a good way to force yourself to save money.
- For questions about investing money, insurance, or taxes, be sure to hire a financial (4) _____. They have the knowledge and training to (5) _____ you with your questions. Do not rely solely on the advice of family and friends.
- Always keep some money available for emergencies. You should be (6) _____ of living on your savings for at least three months if you lose your job.
- Smart (7) _____ compare prices before buying an item. Before you pay a price that is too high, check the prices at other stores and on the Internet.