

Career & Financial Management

High School Financial Planning Program

MULTIPLE CHOICE

1. When shopping for a loan to buy a car, what question is NOT asked of the lender?
- a. What is the Interest Rate?
 - b. How much Monthly Income do I need?
 - c. What is the APR? (Annual Percentage Rate)
 - d. What is loan Term?

ANS: B OBJ: Unit 4 TOP: Using Credit Wisely

2. Which of the following information is NOT required when you apply for credit?
- a. Annual Income
 - b. Current Debt
 - c. Marital Status
 - d. Driver's License

ANS: C OBJ: Unit 4 TOP: Using Credit Wisely

3. Which strategy should not be implemented over the next five years to build a good credit history?
- a. Pay bills on time
 - b. Avoid checking account overdrafts
 - c. Earn a steady income
 - d. If you have too many credit cards, close some the accounts.

ANS: D OBJ: Unit 4 TOP: Using Credit Wisely

4. While Jake was laid off from his job, he was stressed because his debt continued to grow when his income was decreased. Jake is now is working full time. He wants to set up a plan to reduce his debt. Help him prioritize the debt he needs to pay off. Which of the following should be paid off completely first (#1)?

Priority	Debt
	Bank credit card balance = \$1,100 Minimum monthly payments = \$25 APR = 12.5%
	Gas credit card balance = \$900 Minimum monthly payments = \$20 APR = 18.2%
	Motorcycle loan balance = \$3,000 Monthly payments = \$23

- a. Gas Credit Card
- b. Motorcycle Loan
- c. Bank Credit Card
- d. It does not matter which is first

ANS: A OBJ: Unit 4 TOP: Using Credit Wisely

5. When items are bought on credit and paid for over a long period of time, the cost to the buyer
- a. is the same as if the items were bought with cash
 - b. Is less than if the items were bought with cash
 - c. Is more than if the items were bought with Cash
 - d. Cash should always be used instead of credit

ANS: C OBJ: Unit 4 TOP: Using Credit Wisely

6. The maximum amount you can charge on a credit card is called the
- a. credit limit
 - b. capacity
 - c. collateral for the card
 - d. credit ratio

ANS: A OBJ: Unit 4 TOP: Using Credit Wisely

7. Excluding the mortgage payment, what is the maximum percentage of take-home pay that should go toward loan payments?
- a. 10 percent
 - b. 20 percent
 - c. 25 percent
 - d. 33 percent

ANS: A OBJ: Unit 4 TOP: Using Credit Wisely

8. Which of the following statements relates to the universal default clause?
- a. If you miss one car loan payment, your car can be repossessed.
 - b. Someone who files bankruptcy must still pay any student loans.
 - c. A minor may need an adult to co-sign a loan.
 - d. If you are late with any loan payment, a credit card company may increase your interest rate.

ANS: D OBJ: Unit 4 TOP: Using Credit Wisely

9. Which is NOT a type of credit?
- a. Car Loan
 - b. Car registration
 - c. Gas company credit card
 - d. House Mortgage

ANS: B OBJ: Unit 4 TOP: Using Credit Wisely

10. Matt is preparing to buy a car. The total cost for the sale, including taxes and registration, is \$12,000. He agreed to make a \$1,500 down payment. He signed a three-year loan for the balance at 8 percent interest. How much will he pay per month to repay the loan over the next three years?
- a. \$291.67
 - b. \$315.00
 - c. \$360.00
 - d. \$361.67

ANS: D OBJ: Unit 4 TOP: Using Credit Wisely

11. Madeline is comparing her options to borrow \$5,000 to buy inventory and equipment for her new sub sandwich shop. Which loan appears to be the best deal?
- a. 7 % interest loan due in two years
 - b. 8 % interest loan due in 18 months
 - c. 10 % interest loan due in one year
 - d. 6 % interest loan due in ten years

ANS: C OBJ: Unit 4 TOP: Using Credit Wisely

12. Suki wants to move into her own apartment after graduating from high school, but she is worried that she won't be able to rent an apartment without significant credit history. What can Suki do to start using credit wisely?
- a. Rent an apartment with a friend who will sign the lease
 - b. Apply for a store credit card
 - c. Apply for several major credit cards
 - d. Close her checking account to avoid bouncing a check

ANS: B OBJ: Unit 4 TOP: Using Credit Wisely

13. Which of the following agencies provide free credit reports for consumers?
- a. Equifax, credit unions
 - b. credit unions, your bank
 - c. Experian, Credit Reports Association
 - d. TransUnion, Experian

ANS: D OBJ: Unit 4 TOP: Using Credit Wisely

14. Credit experts recommend that you check the status of your credit reports at least
- a. every time you apply for a loan or credit card
 - b. when you apply for your first loan or credit card
 - c. once a year
 - d. once every five years

ANS: C OBJ: Unit 4 TOP: Using Credit Wisely

15. Who may review your credit report?
- a. Your parents after you are 18 years old
 - b. Your current employer
 - c. The car salesperson you talked to when you inquired about a loan to buy a car
 - d. Your doctor

ANS: C OBJ: Unit 4 TOP: Using Credit Wisely

16. Under the Fair Debt Collection Act, creditors are allowed to do all but which one of the following actions?
- a. Hire a collection agency to collect what you owe
 - b. Call any co-signor of a loan
 - c. Send you a second notice of what you owe
 - d. Charge an additional debt collection fee

ANS: D OBJ: Unit 4 TOP: Using Credit Wisely

17. Of the following, which is the best strategy to reduce excessive debt?
- a. Pay off loans with the highest interest rate
 - b. Make regular minimum payments on each loan and credit card until the balances are paid
 - c. Use one large loan to pay off all of the other debts
 - d. File Chapter 7 bankruptcy

ANS: A OBJ: Unit 4 TOP: Using Credit Wisely

18. Which of the following can impact your credit rating?
- a. Borrowing money from a friend to pay for lunch
 - b. Living with your parents until you earn enough money to afford to rent an apartment
 - c. Paying cash for a used car
 - d. Making a late car loan payment

ANS: D OBJ: Unit 4 TOP: Using Credit Wisely

19. What rights must lenders respect according to the Truth in Lending Act?
- a. You have the right to the lowest possible interest rate when you apply for credit.
 - b. You the right to know why you were turned down for a loan.
 - c. You have the right to cancel any loan agreement with 10 days of signing the loan.
 - d. You have the right to change the loan terms.

ANS: B OBJ: Unit 4 TOP: Using Credit Wisely

20. Pete sets aside \$50 each month from his earnings to have money for a car down payment. What is the best way for him to store the money each month until he meets his goal for a down payment?
- a. Keep the money in a good hiding place at home
 - b. Deposit the money into his savings account
 - c. Deposit the money into his checking account
 - d. Purchase another share of his favorite stock

ANS: B OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

21. You need to deposit money into an account to use all of the following services except a
- a. savings account.
 - b. share draft account.
 - c. debit card.
 - d. credit card.

ANS: D OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

22. When you open a share account, what will you need to provide?
- a. Identification, your signature, your address, a deposit
 - b. Your signature, your name, the name of a co-signer
 - c. Your current and previous address, a credit report, a deposit
 - d. Your Social Security number, your phone number, and a reference letter

ANS: A OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

23. What is one benefit to using a checking account that is not a benefit of using a savings account?
- a. Interest earned
 - b. Insured deposits
 - c. Electronic deposits and withdrawals
 - d. Proof of payment

ANS: D OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

24. After you write and sign your check, who can legally cash the check?
- a. You and the payee
 - b. The bank or credit union and the payee
 - c. Any family member of the payee
 - d. Only the payee

ANS: D OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

25. If you “bounce” a check when you make a purchase at a clothing store, what could happen?
- a. You will be charged a fee by the store
 - b. You will be charged a fee by your bank
 - c. Your credit score can be reduced
 - d. All of the above
 - e. Only a. and b

ANS: E OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

26. Who is responsible for keeping track of your debit card purchases?
- a. The stores will send you statements after every purchase
 - b. Your bank or credit union
 - c. You
 - d. The debit card company
- ANS: C OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure
27. What is one benefit to using a debit card that is not a benefit of using a check to make a purchase?
- a. Easy to carry
 - b. Able to make purchases on demand
 - c. Purchase is paid in full without adding to debt
 - d. Transactions can be verified on a monthly statement
- ANS: A OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure
28. What is one benefit to using a debit card that is not a benefit of using a credit card to make a purchase?
- a. Easy to carry
 - b. Able to make purchases on demand
 - c. Purchase is paid in full without adding to debt
 - d. Transactions can be verified on a monthly statement
- ANS: A OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure
29. The maximum amount you can charge on a credit card is called
- a. your credit limit.
 - b. the capacity.
 - c. the collateral for the card.
 - d. your credit ratio.
- ANS: A OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure
30. You can apply for a credit card at each of the following places except
- a. the local post office.
 - b. a gas station.
 - c. your local credit union.
 - d. a state bank.
- ANS: A OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure
31. You can't find your credit card, and you think it may have been stolen. What should you do?
- a. Wait at least 90 days to report the card as missing or stolen in case you find the card
 - b. Immediately apply for another card to cancel out the stolen card
 - c. Contact your bank for a replacement
 - d. Call the credit card company as soon as you are aware the card is missing
- ANS: D OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure
32. Online banking is available
- a. during normal local business hours.
 - b. every weekday, 8 a.m.–8 p.m., local time.
 - c. every day except Sunday.
 - d. every day, all day.
- ANS: D OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

33. Which of the following would be a good reason to use online banking?
- a. A college student attends school in Minnesota but her bank is in Colorado
 - b. Your online accounts will earn more interest than your other accounts
 - c. You won't have any fees

ANS: A OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

34. What is an advantage of electronic funds transfer (EFT)?
- a. You earn more interest on an EFT account than a checking account
 - b. You can control your balance because you are only able to make deposits to an EFT account
 - c. This is the best way to always keep your personal and financial information secure
 - d. Your paycheck can be deposited directly to your checking account

ANS: D OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

35. If you have been a victim of identity theft, what can you do to prevent someone from using your personal information?
- a. Stop using your accounts to see if there is any activity that you did not authorize
 - b. Get a new Social Security number
 - c. Place a fraud alert on your credit report
 - d. Get a new photo ID

ANS: C OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

36. If you use a credit card to buy something online from the Internet, look for the following on the Web site page:
- a. An icon on the status bar that looks like a locked padlock and HTTPS: on the address bar.
 - b. "SECURE"
 - c. "APPROVED BY THE FEDERAL TRADE COMMISSION"
 - d. An icon on the status bar that looks like a folder.

ANS: A OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

37. Who is responsible for reporting identity fraud?
- a. The person who was defrauded
 - b. The company that accepted a stolen credit card or false information
 - c. Any of the three credit reporting agencies
 - d. The police

ANS: A OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

38. You received an E-mail message from your favorite music store where you have a store credit card. The caller says, "We are offering a special half-price-off sale for our frequent customers." He then says that you can only get the discount if you order by phone. You have been thinking about buying new stereo speakers, and this is a good deal to cut down on the cost. You should
- a. give the caller your credit card account number so you can place the order by phone.
 - b. place the order by phone and promise to pay when you receive an invoice.
 - c. end the call, and use the phone number from a previous sales slip to call the company so you can confirm the sale.
 - d. place the order, and give the caller contact information for one of your friends so your friend can also take advantage of the sale.

ANS: C OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

39. As you are online searching for information for a class assignment, your search is interrupted when a Web site pops up without your entering a new site address. You may be a victim of
- a. freeware.
 - b. phishing.
 - c. Spyware.
 - d. Spam.

ANS: C OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

40. The difference between a debit card and a credit card is
- a. a credit card is used to repay something borrowed at a later date.
 - b. a debit card has money deducted from a person's checking account, usually immediately.
 - c. a credit card has money deducted from a person's savings account.
 - d. a debit card has an unlimited credit limit.

ANS: B OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

41. A plane ticket would BEST be purchased by
- a. cash
 - b. check
 - c. credit card
 - d. credit card or debit card

ANS: D OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure

42. If you had to pay for a wedding gift, the BEST way to purchase this item would be
- a. cash or check
 - b. check
 - c. check
 - d. none of the above

ANS: C OBJ: Unit 5 TOP: Your Money-Keeping it Safe & Secure
MSC: Proof of purchase?

43. In managing risk, what does it mean to transfer it?
- a. To take measures to prevent loss
 - b. To shift the possibility of loss to another person
 - c. To set aside resources to cover potential loss
 - d. To take measures to eliminate the cause of potential loss

ANS: B OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

44. Liability insurance protects you against
- a. lawsuits.
 - b. personal injuries.
 - c. sickness.
 - d. property damage.
- ANS: A OBJ: Unit 6 TOP: Insurance: Protecting What you Have.
45. When you apply for automobile insurance on your own, you will need to provide the insurance company with all of the following except
- a. your Social Security number.
 - b. your employer's name and address.
 - c. your history of driving violations.
 - d. the vehicle identification number of the car you want to insure.
- ANS: B OBJ: Unit 6 TOP: Insurance: Protecting What you Have.
46. If you were in a car accident, which of the following is needed when you file a claim?
- a. A memo from the police who responded to the accident
 - b. Your insurance policy
 - c. A note from any witnesses or other person involved in the accident
 - d. The address of the location where the accident occurred
- ANS: D OBJ: Unit 6 TOP: Insurance: Protecting What you Have.
47. What coverage reimburses a car owner if the car is stolen?
- a. Deductible
 - b. Collision
 - c. Comprehensive
 - d. Liability
- ANS: C OBJ: Unit 6 TOP: Insurance: Protecting What you Have.
48. Which one of the following will not affect the cost of automobile insurance?
- a. Cost of repairs
 - b. Mileage
 - c. Driving record
 - d. Color of car
 - e. All of the above
- ANS: E OBJ: Unit 6 TOP: Insurance: Protecting What you Have.
49. What do you pay out-of-pocket on an automobile or property insurance claim?
- a. Deductible
 - b. Liability
 - c. Premium
 - d. Term
- ANS: A OBJ: Unit 6 TOP: Insurance: Protecting What you Have.
50. While driving to the store, you swerved to miss a dog and drove into a tree. You and the dog are all right, but it will be expensive to repair the damage to your car. What type of automobile insurance coverage will provide reimbursement for damages to your car?
- a. liability coverage
 - b. underinsured motorist
 - c. collision
 - d. comprehensive
- ANS: C OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

51. While driving to the store, you swerved to miss a dog and drove into a tree. You and the dog are all right, but it will be expensive to repair the damage to your car. What type of automobile insurance coverage will provide reimbursement to the property owner if the tree is damaged?
- a. liability coverage
 - b. underinsured motorist
 - c. collision
 - d. comprehensive

ANS: A OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

52. Use the following information to answer this question.

Current Company

3-month premium,
\$325

Deductible: \$100

Minimum coverage

Company X

6-month premium,
\$600

Deductible: \$200

No collision coverage

Company Z

6-month premium,
\$550

Deductible: \$500

Minimum coverage

Morgan is a safe driver. She drives a new car and has \$300 in an emergency fund for any unexpected car expenses. Morgan earns \$200 a month from her part-time job, and she is able to save at least \$50 every month for her financial goals. Morgan is comparing her current automobile insurance with other plans to see if she can reduce her insurance expenses. Use the quote information at the right to help her decide which option is best for her situation.

- a. Stay with her current company and insurance plan
- b. Stay with her current company, but reduce the premium by \$25 per month and increase the deductible to \$500
- c. Switch to Company X's plan
- d. Switch to Company Z's plan

ANS: A OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

53. Which of the following pairs represents the general types of insurance often provided by employers?

- a. liability insurance and homeowners' insurance
- b. life insurance and liability insurance
- c. disability insurance and medical insurance
- d. homeowners' insurance and disability insurance

ANS: C OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

54. There are six general types of insurance. Which of the following is one of those six?
- a. Liability
 - b. Collision
 - c. Cash value
 - d. Uninsured motorist

ANS: A OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

55. In general, who would most need life insurance?
- a. A single person just beginning a career
 - b. A young married couple with small children
 - c. A working couple with grown children living on their own
 - d. A retired person who is married and has investments

ANS: B OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

56. What are the two most important types of insurance you need at your young age?
- a. Liability and renters'
 - b. Travel and liability
 - c. Automobile and disability
 - d. Health and automobile

ANS: D OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

57. Which of the following could be a consequence of not having enough insurance coverage?
- a. Not meeting your long-term financial goals
 - b. Poor credit rating
 - c. Not being able to stick with your budget
 - d. All of the above

ANS: D OBJ: Unit 6 TOP: Insurance: Protecting What you Have.

58. Employee benefits typically cost an employer what percentage of your pay?
- a. Between 1% and 6%
 - b. Between 10% and 17%
 - c. Between 20% and 50%
 - d. Employers do not actually pay for the employee benefits.

ANS: C OBJ: Unit 2 & 7
TOP: Budgeting: Making the Most of Your Money & Your Career: Doing what matters most.

59. The Rule of 72 is useful in calculating the
- a. interest an investor needs to earn to reach a goal.
 - b. age of money.
 - c. time required to double an investment.
 - d. fluctuations of the stock market.

ANS: C OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

60. The basic rule of a risk-to-return relationship is that the
- a. lower the risk, the higher the return rate.
 - b. higher the risk, the higher the return rate.
 - c. higher the risk, the lower the return rate.
 - d. two are not related.

ANS: B OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

61. Which one of the following types of investments has the lowest risk and lowest rate of return?
- a. Savings bonds
 - b. Stocks
 - c. Collectibles
 - d. Real estate

ANS: A OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

62. Which one of the following types of investments has the highest risk and the highest potential rate of return?
- a. Money market mutual fund
 - b. Stocks
 - c. Government bonds
 - d. Savings bonds

ANS: B OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

63. Which statement below is true about mutual funds?
- a. All mutual funds buy stocks
 - b. Mutual funds are convenient and professionally managed
 - c. Mutual funds are convenient and professionally managed
 - d. You can choose which stock to include in your mutual funds

ANS: C OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

64. The time value of money can best be explained using which one of the following concepts?
- a. The “pay yourself first” philosophy
 - b. The risk-to-return relationship
 - c. The dynamics of compounding
 - d. The Rule of 72

ANS: C OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

65. What approximate interest rate would an investor need to earn in order to double the value of an investment in six years?
- a. 6%
 - b. 12%
 - c. 10%
 - d. 72%

ANS: B OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

66. If an investor can earn 8 percent on an investment, approximately how long will it take to double in value?
- a. 72 months
 - b. 8 years
 - c. 9 years
 - d. 12 years

ANS: C OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

67. In the future, a dollar will be worth
- a. Less than a dollar today
 - b. More than a dollar today
 - c. The same as a dollar today
 - d. it depends upon the value of the euro.

ANS: A OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

68. Jeff adds \$500 to his mutual fund every year for the next 10 years. Heath decides to wait 10 years when he knows he will have a lump sum of \$5,000 to invest in a mutual fund. If both Jeff and Heath earn on average a 7 percent rate of return, who will have the larger mutual fund balance in 20 years?
- a. Heath
 - b. Jeff
 - c. They will have the same balance amount because they each invested the same amount at the same rate
 - d. There is not enough information presented to make a prediction

ANS: B OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

69. Which of the following Investment options offers the highest potential for return?
- a. Money Market Account
 - b. U.S. Savings Bonds
 - c. Insured Savings Accounts
 - d. Growth Stocks

ANS: D OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

70. Which of the following Investment options offers the lowest potential for reward?
- a. Commodities
 - b. Preferred Stock
 - c. U.S. Savings Bonds
 - d. Money Market Account

ANS: C OBJ: Unit 3
TOP: Unit 3-Investing: Making your Money Work for You.

71. Which one of the following could not be called income?
- a. An allowance
 - b. A paycheck
 - c. Interest paid on a loan
 - d. Interest received from a savings account

ANS: C OBJ: Unit 2
TOP: Unit 2-Budgeting-Making the Most of Your Money

72. What is the purpose of Form W-2?
- a. To itemize how much money was earned by an employee and how much was withheld and sent to the Internal Revenue Service (IRS)
 - b. To allow the employee to participate in a tax-deferred savings plan
 - c. To document a refund or figure a balance due to the IRS each year
 - d. To allow the employer to withhold federal income taxes from an employee's wages

ANS: A OBJ: Unit 2
TOP: Unit 2-Budgeting-Making the Most of Your Money

73. What is the purpose of Form W-4?
- a. To itemize how much money was earned by an employee and how much was withheld and sent to the Internal Revenue Service (IRS)
 - b. To allow the employee to participate in a tax-deferred savings plan
 - c. To document a refund or figure a balance due to the IRS each year
 - d. To allow the employer to withhold federal income taxes from an employee's wages

ANS: D OBJ: Unit 2
 TOP: Unit 2-Budgeting-Making the Most of Your Money

74.

Northeastern Clinton Central School 103, RT 276 Champlain, NY 12919			Employee:		Rick Hunter		
			Social Security Number:		123-45-6789		
			Pay Period:		03-12-07 to 03-26-07		
			Pay Date:		03-31-07		
			Check Number:		11100		
Hours			Earnings				
	Regular	Overtime	Regular	Overtime	Bonus	Other	Gross Pay
T/P	40	0	240.00	0.00			240.00
YTD	230	8	1,380.00	72.00			1,452.00
Deductions							
	Social Security Tax	Medicare Tax	Federal Withholding Tax	State Withholding Tax	Pension	Other	Net Pay
T/P	14.88	3.48	60.00	7.32			154.32
YTD	90.02	21.05	363.00	44.28			933.65

Using Rick's paystub, what is Rick's gross income for this pay period?

- a. \$ 154.32
- b. \$ 240.00
- c. \$ 933.65
- d. \$1,452.00

ANS: B OBJ: Unit 2
 TOP: Unit 2-Budgeting-Making the Most of Your Money

75. Using Rick's paystub, what is Rick's net income so far this year?

- a. \$ 154.32
- b. \$ 240.00
- c. \$ 933.65
- d. \$1,452.00

ANS: C OBJ: Unit 2
 TOP: Unit 2-Budgeting-Making the Most of Your Money

76. Using Rick's paystub, how much of this paycheck does Rick have for spending and saving for goals?
- a. \$ 154.32
 - b. \$ 240.00
 - c. \$ 933.65
 - d. \$1,452.00

ANS: A OBJ: Unit 2
TOP: Unit 2-Budgeting-Making the Most of Your Money

77. To reach her financial goals, Susan has calculated that she needs an additional \$25 per week in gross pay. Susan can only work 20 hours per week during the school year, so she wants to ask her supervisor for a raise to increase her income. If she currently earns \$6.75 per hour, how much should her hourly wage be raised to increase her weekly gross pay by \$25?
- a. 50 cents
 - b. 75 cents
 - c. \$1.25
 - d. \$7.75
 - e. \$8.00

ANS: C OBJ: Unit 2
TOP: Unit 2-Budgeting-Making the Most of Your Money

78. Based upon question 77, how much will Susan earn per hour if she does get the raise she wants?
- a. \$6.75
 - b. \$7.25
 - c. \$7.75
 - d. \$8.00

ANS: D OBJ: Unit 2
TOP: Unit 2-Budgeting-Making the Most of Your Money

79. Bill set a goal to buy a used car in the next few months. He plans to make a \$2,500 down payment and has already saved \$1,300. If he can save \$150 each month for this goal to buy a car, how long will it take him to save the entire \$2,500?
- a. 6 months
 - b. 8 months
 - c. 10 months
 - d. 12 months

ANS: B OBJ: Unit 2
TOP: Unit 2-Budgeting-Making the Most of Your Money

80. Justin wants to set up a budget, so he has asked for your help to draft it. He hesitates when you ask him to predict how much income he will have each month because he works more hours per week in the summer than during the school year. What will help him estimate his income for a specific month?
- a. His W-2 statement from the previous year
 - b. His W-4 form from the previous year
 - c. His pay stub from the previous pay period
 - d. His pay stubs from the past year

ANS: D OBJ: Unit 2
TOP: Unit 2-Budgeting-Making the Most of Your Money

81. Which of the following steps should NOT be considered in preparing your budget?
- a. List of income and amounts
 - b. List of fixed & variable expenses and amounts
 - c. Total Income = Total Expenses
 - d. Total Income = Total Fixed Expenses

ANS: D OBJ: Unit 2
TOP: Unit 2-Budgeting-Making the Most of Your Money

88. A value can be described as
- a. a belief or idea you consider important or desirable
 - b. something you desire to make your life more comfortable
 - c. a willingness to give up something now in exchange for a future benefit
 - d. something basic for your survival

ANS: A OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

89. Karissa realized that she needed to plan how to handle her money if she wanted to be able to pay for her car expenses and have money available for fun and special events. She wrote down her goals and made a plan for how much money she will need to pay for car expenses, have fun with friends, and meet her goals. Every weekend, she checked her progress to decide how she would use her money during the next week. When she needed to cut back on work hours during the school year, she and her friends found things to do that were inexpensive or free. Karissa followed five of the six steps of the financial planning process but one step. What else does she need to do?
- a. Decide what she wants to do with her money
 - b. Figure out exactly how much money she is getting and spending
 - c. Make decisions to carry out her plan
 - d. Review and adjust her plan when her situation changes

ANS: B OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

90. Lisa will buy two new car tires three months from now before taking a trip. Each tire costs \$75. How long will she need to plan to achieve her goal?
- a. short-term
 - b. intermediate-term
 - c. long-term

ANS: A OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

91. Juan plans to save \$4,800 to help pay for college. He expects to pay this amount for tuition and books in two years. How long will he need to plan to achieve his goal?
- a. short-term
 - b. intermediate-term
 - c. long-term

ANS: C OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

92. Juan plans to save \$4,800 to help pay for college. He expects to pay this amount for tuition and books in two years. . How much will Juan need to save each month to reach his goal?
- a. \$100
 - b. \$200
 - c. \$400
 - d. \$600

ANS: B OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

93. When you create you financial goals, you create goals that are SMART. What does SMART mean?
- a. specific, measurable, attractive, real, time-bound.
 - b. specific, measurable, alternative, realistic, time-bound.
 - c. specific, measurable, attainable, realistic, time-realistic.
 - d. specific, measurable, attainable, realistic, time-bound.

ANS: D OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

94. If your plan is to get to and from school for less than \$20 a month, what Stage of the Six-Steps of the decision-making process is being applied?
- a. establish your criteria
 - b. evaluate results
 - c. consider the pros & cons
 - d. identify your goal

ANS: A OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

95. Willie sometimes feels uncertain that he has made the right decision when he spends money or agrees to activities with his friends. He knows that you learned about the decision-making process and has asked you about the process. You know that he now pays for gas so a friend will drive him to and from school. To help him learn about the decision-making process, answer the question about the six decision-making stages to help him consider the alternatives to getting a ride every day. Stages 1, 5, and 6 are already provided for you.

Stage	Example of Action
1 – Identify your goal	Get to and from school for less than \$20 a month
2 –	
3 –	
4 –	
5 – Make your decision	Decide what action is best
6 – Evaluate results	After a month, consider if you are happy with your decision

What is Stage 2 of the Decision-Making Process?

- a. Consider the pros & cons
- b. establish your criteria
- c. examine your options
- d. none of the above

ANS: B OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

96. Willie sometimes feels uncertain that he has made the right decision when he spends money or agrees to activities with his friends. He knows that you learned about the decision-making process and has asked you about the process. You know that he now pays for gas so a friend will drive him to and from school. To help him learn about the decision-making process, answer the question about the six decision-making stages to help him consider the alternatives to getting a ride every day. Stages 1, 3, 5, and 6 are already provided for you.

Stage	Example of Action
1 – Identify your goal	Get to and from school for less than \$20 a month
2 –	
3 – Examine your options	Ride the school bus, city bus, bike, or walk.
4 –	
5 – Make your decision	Decide what action is best
6 – Evaluate results	After a month, consider if you are happy with your decision

What would be an example of action that Willie could follow in Stage 2?

- | | |
|--|---|
| a. Get to and from school for less than \$20. | c. List the criteria of what is important so Willie's wants and needs are considered. |
| b. Compare each option with the stated criteria. | d. After one month, Willie can consider if he is happy with his decision. |

ANS: C OBJ: Unit 1 TOP: Unit 1-Your Financial Plan-Where it all Begins.

MATCHING

Part I

- | | |
|---------------------------------|-------------------|
| a. Annual Fee | g. Debt |
| b. Annual Percentage Rate (APR) | h. Finance Charge |
| c. Capacity | i. Grace Period |
| d. Capital | j. Interest |
| e. Collateral | k. Loan Term |
| f. Credit | |
1. Total percentage it costs you yearly to use your credit.
 2. A period of time allowed in which you can pay off new purchases, if there is no old balance, without being charged interest.
 3. Payment (rent) you make for the use of another's money.
 4. Amount you owe with an obligation to pay back.
 5. Amount of financial trust (principal) extended to you by a lender.
 6. Something of value that lenders can repossess if you are unable to repay a loan as promised.
 7. Taking into consideration your work history when deciding if you are creditworthy.
- | | | |
|-----------|-------------|--------------------------|
| 1. ANS: B | OBJ: Unit 4 | TOP: Using Credit Wisely |
| 2. ANS: I | | |
| 3. ANS: J | | |

4. ANS: G
5. ANS: F
6. ANS: E
7. ANS: C

Part II

- | | |
|---------------------|----------------------------|
| a. Claim | h. Risk |
| b. Conditions | i. Pay a higher deductible |
| c. Coverage Limit | j. Share the risk |
| d. Deductible | k. Reduce the risk |
| e. Insurance | l. Avoid the risk |
| f. Insurance Policy | m. Accept the risk |
| g. Premium | |

8. The chance of loss from some type of danger.
9. Written contract detailing what an insurance company will cover, how much it will pay, and how much you will pay.
10. The maximum amount the insurance company will pay if you file a claim.
11. The rights and responsibilities of the insured and the insurance company.
12. A request for payment to recover financial loss from damages.
13. Forgoing the extended warranty on a digital music player.
14. This will reduce your insurance premium.
15. You shift a portion of the major portion of the expense to the insurance company if a personal or financial risk presents itself.
16. You choose to take a train instead of flying on a plane.
17. You are doing this if you wear a seatbelt or buy a car with air bags.

- | | | |
|------------|-------------|---|
| 8. ANS: H | OBJ: Unit 6 | TOP: Insurance: Protecting What you Have. |
| 9. ANS: F | | |
| 10. ANS: C | | |
| 11. ANS: B | | |
| 12. ANS: A | | |
| 13. ANS: M | | |
| 14. ANS: I | | |
| 15. ANS: J | | |
| 16. ANS: L | | |
| 17. ANS: K | | |

Part III

- | | |
|--------------------|------------------------|
| a. compounding | f. rule of 72 |
| b. diversification | g. savings account |
| c. interest | h. stock |
| d. investments | i. time value of money |
| e. rate of return | |

18. Used to determine how long it takes for your money to double
19. One type of income investment
20. The mathematical relationship between time, money, a rate of return, and earnings growth
21. The process of earning interest on interest

22. Spreading your money among different savings and investments

18. ANS: F

19. ANS: G

20. ANS: I

21. ANS: A

22. ANS: B

Part IV

a. Fixed Expense

b. Gross Income

c. Income

d. P.Y.F.

e. Payroll Deductions

f. Net Income

g. Spending & Saving Plan

h. Variable Expenses

23. Any money you receive such as an allowance or paycheck.

24. An amount of money spent to buy something or do something that is the exact same amount every time.

25. Taking a certain amount of all money you receive and saving it to be used for spending on longer-term goals.

26. Money taken out of a paycheck by an employer to pay for taxes, health insurance, and other payments.

27. Take-home pay

23. ANS: C

OBJ: Unit 2

TOP: Unit 2-Budgeting-Making the Most of Your Money

24. ANS: A

25. ANS: D

26. ANS: E

27. ANS: F