

# “Take Charge of Your Finances” Semester Course Pre and Post Test

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|----|-----------------------|
|    | Total Points Earned   |
| 60 | Total Points Possible |
|    | Percentage            |

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Directions: Circle the correct answer for each question.

- 1.17.4 1. Which of the following has the least influence on an individual’s values?
- Media
  - Family
  - Religious affiliations
  - Grade average
- 1.17.2 2. A need is best defined as:
- the end result of something a person intends to acquire, achieve, do, reach, or accomplish in the near or distant future
  - something thought to be a necessity or essential items required for life
  - a fundamental belief or practice about what is desirable, worthwhile, and important to an individual
  - something unnecessary but desired or items which increase the quality of living
- 1.17.3 3. Kaylee will save her allowance of \$25 per month to purchase a \$150 mp3 player in six months. This is an example of what type of goal?
- Short-term goal
  - Long-term goal
  - Education Goal
  - This is not an example of a goal
- 1.17.3 4. One element of a financial goal is missing in the example below. Which one is it?  
“I will save \$150 each month to go on a vacation in one year.”
- Time Bound
  - Specific
  - Attainable
  - Measurable
- 1.17.3 5. Goals are most likely to be accomplished if an individual:
- lets his/her parents set their goals
  - lets their friends set their goals
  - writes their goals down
  - thinks about their goals often

- 1.11.2 6. What is financial planning?
- A fundamental belief or practice about what is desirable and worthwhile
  - A tool used to achieve financial success based upon financial goals
  - An investment plan that includes stocks, bonds, and mutual funds
  - A set of financial documents including net worth, a will and insurance policies
- 1.11.2 7. Chance is 25 years old, single, and has no children. He has just graduated college and has accepted a job as a mechanical engineer. These are examples of Chances's:
- lifestyle conditions
  - life cycle needs
  - financial needs
  - goals
- 1.1.6 8. Action statements should be used when writing a résumé. Which of the following is a properly written action statement?
- Supervised daily operations of four employees
  - I saved money from a part-time job to finance the purchase of a new car
  - I participated in the Family Career, and Community Leaders of America (FCCLA) as a member in a chapter of 32 students.
  - Speech and Drama Team
- 1.1.2 9. In order to make an informed career decision, a high school student will want to:
- commit to a profession that requires a college degree
  - choose a career that offers the amount of money desired
  - develop personal goals, complete an interest inventory, and research careers
  - choose a training program that will guarantee employment after the course work is completed
- 1.1.9 10. Lora is a high school computer and technology teacher. She enrolls in a computer class at least twice per year to stay current on recent technology changes and updates. By continuing her education, Lora is investing in her:
- salary
  - human capital
  - family
  - interest inventory
- 1.1.9 11. Individuals with more formal educational training usually have:
- higher estimated lifetime earnings
  - lower personal satisfaction
  - greater amounts of leisure time
  - more comfortable work environments
- 1.1.3 12. Susan is currently working in Kansas City, MO earning \$30,000 a year. She is offered a position in Indianapolis, IN earning \$32,000 a year. If Kansas City's index is 100 and Indianapolis' index is 115, which is true: (Show your computation.)
- Susan will have more spending power if she moves to Indianapolis
  - Susan will have more spending power if she stays in Kansas City
  - Susan will have the same spending power in Indianapolis as she has in Kansas City
  - There is not enough information to decide

- 1.13.1 13. The government uses money collected from taxes to:
- finance the Internal Revenue Service
  - encourage private enterprise
  - establish food networks
  - provide goods and services for the public
- 1.13.1 14. A dependent is a person who:
- relies on the taxpayer for financial support
  - relies on the government for their Social Security benefit check
  - pays the taxes for all the members of the family
  - depends on their job for needed financial support to pay their expenses

Use the following scenario for questions 15 and 16.

Bob is working for a bank. He earns \$8.00 an hour, works 40 hours a week, and gets paid every 2 weeks. He pays \$63.08 into federal withholdings, \$33.21 into state withholdings, and \$42.05 into FICA.

- 1.13.1 15. What is Bob's gross income on his paycheck?
- \$181.66
  - \$363.32
  - \$576.92
  - \$640.00
- 1.13.1 16. What is Bob's net income on his paycheck?
- \$501.66
  - \$320.00
  - \$576.92
  - \$640.00
- 1.15.2 17. Carissa would like to know what the benefits of creating a spending plan are. Which of the following describes the most accurate benefits of a spending plan?
- A spending plan limits a person to only purchasing what they need rather than what they want
  - A spending plan helps track income and expenses and leads to long-term financial security and wealth
  - A spending plan helps a person adjust their spending to fit exactly within the typical major expenditure percentages
  - A spending plan will help a person throughout their entire life cycle because it never has to be updated
- 1.15.2 18. Everyone has a unique spending plan. Which of the following factors has the greatest effect on a person's spending decisions?
- Values
  - Wealth
  - Net gain or net loss
  - Taxes

- 1.15.2 19. If expenses were to exceed income on a spending plan, what would be a financially smart solution?
- Decrease expenses
  - Use a credit card more often
  - Earn less income
  - Increase purchases
- 1.7.3 20. Funds deposited in a federally insured account (FDIC) are protected against loss for up to:
- \$50,000.00
  - \$1,000,000.00
  - \$250,000.00
  - \$10,000.00
- 1.7.2 21. Electronic banking allows the consumer to:
- eliminate the need to reconcile their bank account
  - correct fraud or identity theft as soon as it occurs
  - have 3-4 days of float time after a check is written
  - have 24/7 access to banking transactions
- 1.7.2 22. When comparing and contrasting debit and credit cards, it could be said that:
- debit cards allow for overspending and credit cards are limited to the amount in the designated bank account
  - a debit card withdraws money from a designated bank account for immediate payment instead of making purchases on credit
  - credit cards are not widely accepted by stores but debit cards are
  - debit cards and credit cards function in the same manner
- 1.7.6 23. In order to use online banking safely when making a purchase or when paying a bill, a person should make sure to:
- make the transaction using their personal e-mail account
  - use a public Internet connection
  - make sure that the bank website uses https in the URL and the closed pad lock icon
  - never log out of their online account
- 1.14.1 24. Savings is best defined as the:
- amount remaining after current wants and needs have been satisfied
  - investment opportunities which yield a high interest rate
  - portion of current income not spent on consumption
  - purchase of assets with the goal of increasing future income
- 1.14.1 25. When comparing and contrasting savings and investing, which of the following is true?
- Savings is used to pay for long-term goals, while investing is used to pay for emergencies
  - Savings is less liquid than investing
  - Savings provides the foundation for financial security, while investing is used to pay for long-term goals, such as retirement
  - Saving and investing both help a person stay at their current level of living

- 1.14.1 26. What does “pay yourself first” mean?
- An individual should save whatever money is left over after paying monthly bills
  - An individual should pay all fixed expenses before paying flexible expenses
  - An individual should set aside a predetermined amount of money for saving before using any of that money for spending
  - An individual should spend money on the items and activities enjoyed in life before paying any other expenses
- 1.14.2 27. Which of the following statements correctly describes the security level of savings tools?
- Savings tools are not secure because they have a high risk of losing money
  - Savings tools are secure because they are protected by the U.S. government against loss
  - Savings tools are very secure because there are no risks involved with saving or investing
  - None of the above is true. It would be safer to keep the money at home in a shoe box
- 1.14.2 28. In relation to the other options, how liquid is a savings account?
- More liquid than cash
  - Less liquid than mutual funds
  - More liquid than a Certificate of Deposit
  - More liquid than a checking account
- 1.14.2 29. Hannah needs a savings tool to help her manage her everyday purchases. The savings tool needs to be very liquid and accessible. Which of the following savings tools should Hannah choose?
- Certificate of deposit
  - Checking account
  - Money market deposit account
  - Any of the above savings tools would help Hannah
- 1.12.1 30. What is inflation?
- The rise in the general level of prices
  - The uncertainty the return on an investment will deviate from what is expected
  - The number of times something happens to money
  - The projected value of an investment at the end of a specified time frame
- 1.12.1 31. The relationship between risk and return in investing can be stated as:
- higher risk indicates lower return
  - higher risk indicates higher return
  - lower risk indicates higher return
  - No relationship exists between risk and return
- 1.12.1 32. A diversified portfolio is desirable because it:
- increases the risk/return ratio
  - limits investors choices to only one or two investment tools
  - indicates an investor is a good predictor of the return an investment will have
  - decreases risk by investing money in a variety of investment tools

- 1.3.1 33. Which of the following describes an act of identity theft?
- Receiving permission to use a parents' credit card for school clothes
  - Acquiring and using someone's personal identification without permission
  - Taking the identity of another individual as inspiration for a costume
  - Having the same name as another person
- 1.3.1 34. Which of the following actions will not make an individual vulnerable to identity theft?
- Purchasing an item online with a credit card
  - Responding to an e-mail from your depository institution
  - Paying cash for a movie ticket
  - Throwing mail in the garbage
- 1.3.1 35. Chris has just discovered that he has been a victim of identity theft. What should he do to resolve the theft?
- File a police report in the community where the theft occurred
  - Leave all fraudulent accounts open as proof of the theft
  - Contact one of the three credit bureaus
  - Never use a depository institution again
- 1.4.2 36. Which of the following is NOT included in an individual's credit report?
- Current and past addresses
  - Employment history
  - Bankruptcies and foreclosures
  - Medical information
- 1.4.2 37. A consumer will develop a positive credit history if they:
- maintain reasonable amounts of unused credit
  - pay phone and utility bills on time
  - pay cash for the majority of purchases
  - use credit accounts that are in their parents' names
- 1.4.2 38. A low credit score will affect an individual financially because the \_\_\_\_\_.
- interest rate of loans will be lower
  - purchase price of an item will be higher
  - monthly payments will be lower
  - the interest rate of loans will be higher
- 1.4.2 39. Jenny is 18 years old and has applied for credit for the first time. Her credit application was declined, because she had no credit history. What would you recommend Jenny do to begin to build a positive credit history?
- Acquire as many credit cards as possible
  - Obtain a secured credit card
  - Re-apply for the same credit until her credit application is finally accepted
  - Apply for as many different types of credit as possible until she is accepted

- 1.4.2 40. When may a person view his/her credit report for free?
- At any time and an unlimited number of times
  - Once a year, from each of the three main credit reporting agencies
  - A person may not review his/her credit report
  - If a person has sufficient financial resources
- 1.4.1 41. How can a cardholder avoid paying interest on a credit card?
- Pay the minimum balance every month
  - Pay the balance in full every month
  - Only use a credit card for balance transfers
  - Interest is always paid on a credit card
- 1.4.1 42. If a credit card is used properly, what benefits does it have for the cardholder?
- The cardholder will pay higher interest rates on other forms of credit
  - The cardholder will develop a positive credit history
  - The cardholder will develop a negative credit history
  - There are no benefits for the cardholder
- 1.4.1 43. Paying the minimum payment on a credit card every month will:
- pay a large percentage of the total balance owed every month
  - make the final amount paid substantially higher than the amount initially charged to the card
  - help the cardholder create a plan for paying of a credit card in a decent amount of time
  - allow the cardholder to avoid paying any interest charges
- 1.4.1 44. Becky no longer wants to use her Clothes-R-Us store credit card. What should she do with the credit card?
- File the credit card away for use at a later time
  - Let a family member take over the credit account so her credit score is not affected
  - Keep the credit card in her wallet
  - Close the account by phone and in writing and cut up the card
- 1.10.1 45. Which of the following best describes the benefits of having insurance?
- The policyholder may become better off financially if an accident occurs
  - Insurance combined with emergency savings provides a sense of financial security and peace of mind
  - The policyholder no longer has to worry about paying for financial losses resulting from an accident because all risk of financial loss is transferred to the insurance company
  - It is required by law to purchase insurance so the benefits do not matter
- 1.10.1 46. Tiffany was recently involved in a vehicle accident. In order to get her car fixed, her insurance company is requiring her to pay the first \$500 of the repair bill because:
- she did not call her agent and report the accident quickly enough
  - her policy's deductible is \$500
  - she will be reimbursed by the insurance company later
  - the cost of the repairs is higher than her policy covers

- 1.10.1 47. Jade received his first medical bill of the year. It was a total of \$1000. His health insurance policy has a \$500 deductible and a 20% co-insurance. How much of the medical bill will Jade be responsible to pay?
- \$0, insurance will cover the entire medical bill
  - \$500
  - \$600
  - \$700
- 1.10.1 48. If a person drives an automobile, they are required by law to have which of the following types of insurance?
- Automobile property insurance
  - Automobile liability insurance
  - Automobile property and liability insurance
  - No automobile insurance is required by law
- 1.10.1 49. It is recommended that life insurance be purchased when the:
- individual reaches the age of 50
  - individual flies in an airplane
  - individual gets their first job
  - individual has dependents
- 1.20.2 50. Which statement is true of government assistance programs?
- Government programs were designed to provide permanent assistance to those in need
  - The ultimate goal of government programs is for individuals to become self-sufficient and independent
  - Government programs were developed to help one specific socio-economic group
  - All government programs vary from state to state
- 1.20.2 51. Most of the assistance programs available through the government are funded by:
- small fees proportional to income of clients
  - fees that are charged to some, but not all, clients using the programs
  - taxes at the local, state, and federal levels
  - donations from large corporations
- 1.9.3 52. Before a renter is allowed to take possession of a rental property, they will be expected to:
- pay the utility bill and give notice of moving date
  - receive a mortgage and pay the down payment
  - acquire renter's insurance and pay property taxes
  - pay a security deposit and sign a lease
- 1.9.3 53. The maximum amount an individual should pay for the purchase price of a home is:
- the same amount as his/her annual household income
  - 2 ½ times his/her annual household income
  - 1/3 of his/her annual household income
  - there is no limit on the amount an individual should pay for a home



- 1.9.3 54. The equity that you build by making mortgage payments is:
- the value of the home after the mortgage debt is subtracted
  - purchasing a housing unit as rental property
  - a home loan where the real estate is the collateral
  - the amount of money paid on the home at the time of purchase
- 1.9.5 55. Amenities in a living space may include which of the following?
- Extra insulation
  - Internet service
  - Carpet in the bedrooms
  - Kitchen appliances
- 1.16.2 56. The base price that is quoted is the price of the car:
- from which the dealer will negotiate with the buyer
  - with only the standard equipment, no extra options
  - that the buyer has in mind when they begin the negotiating process
  - with the most popular options to attract consumers
- 1.16.3 57. A co-signer is a person who is:
- applying for a loan
  - paying for a major purchase with cash
  - loaning money to a consumer
  - guaranteeing a loan repayment for the original borrower
- 1.16.1 58. Consumers may save money when purchasing automobile insurance by:
- shopping around to compare prices
  - having as small deductible as possible
  - buying all of the coverage options so that every loss will be covered
  - being untruthful with your insurance agent
- 1.16.1 59. Which of the following is a factor that influences automobile insurance rates?
- Health practices
  - Driving record
  - Car contents
  - Car color
- 1.8.1 60. What is a convenience product?
- A partially prepared product to which the consumer adds a few key ingredients
  - A product prepared from a recipe with multiple items
  - A previously prepared product which requires no preparation
  - A product including all of the ingredients and must be cooked or baked

## “Take Charge of Your Finances” Semester Course Pre and Post Test

- |       |       |
|-------|-------|
| 1. d  | 31. b |
| 2. b  | 32. d |
| 3. a  | 33. b |
| 4. c  | 34. c |
| 5. c  | 35. a |
| 6. b  | 36. d |
| 7. a  | 37. a |
| 8. a  | 38. d |
| 9. c  | 39. b |
| 10. b | 40. b |
| 11. a | 41. b |
| 12. b | 42. b |
| 13. d | 43. b |
| 14. a | 44. d |
| 15. d | 45. b |
| 16. a | 46. b |
| 17. b | 47. c |
| 18. a | 48. b |
| 19. a | 49. d |
| 20. c | 50. b |
| 21. d | 51. c |
| 22. b | 52. d |
| 23. c | 53. b |
| 24. c | 54. a |
| 25. c | 55. b |
| 26. c | 56. b |
| 27. b | 57. d |
| 28. c | 58. a |
| 29. b | 59. b |
| 30. a | 60. d |