

High School

1. Which is included in the determination of your FICO score?
 - A. your age
 - B. your salary
 - C. payment information on credit-card accounts
 - D. whether or not you are participating in credit counseling

2. About how many years would it take for \$1,000 to become \$2,000 if \$1,000 is deposited in a savings account with an interest rate of 7.2 percent?
 - A. 7.2
 - B. 10.0
 - C. 14.4
 - D. 20.0

3. If you are a borrower, compound interest
 - A. works in your favor, and also works in your favor if you are a saver.
 - B. hurts you, and also hurts you if you are a saver.
 - C. works in your favor, but hurts you if you are a saver.
 - D. hurts you, but works in your favor if you are a saver.

4. What primary function is money serving when it is used to buy a ticket to a movie?
 - A. store of value.
 - B. flow of funds.
 - C. unit of account.
 - D. medium of exchange.

5. Profits are equal to total
- A. revenue minus total cost.
 - B. assets minus total liabilities.
 - C. sales minus wages and salaries.
 - D. proprietorships.
6. Common stocks, limited liability, and unlimited life are basic characteristics of
- A. cartels.
 - B. partnerships.
 - C. corporations.
 - D. proprietorships.
7. John is considering buying one of two cars: one with a price \$20,000 and the other, \$18,000. If the sales tax he must pay is 8% and he is going to finance the entire purchase of this car at 10% simple interest for one year, what is the actual difference in the cost of these two cars?
- A. \$2000
 - B. \$2160
 - C. \$2360
 - D. \$2376
8. A family is thinking about renting out its house for the month they are on vacation. Their monthly mortgage payment is \$500 and the monthly utilities are \$200 if the house is occupied and only \$100 if it is not. It is in their best interest to rent out the house if they can get at least how much for the month?
- A. \$100
 - B. \$200
 - C. \$500
 - D. \$600

9. Over two-thirds of all income earned in the U.S. is what kind of income?
- A. Profits from small businesses and corporations.
 - B. Dividends and interest earned on stocks and bonds.
 - C. Wages and salaries from selling labor services.
 - D. Rents and royalties earned from selling land and other natural resources.
10. Given everything else the same, the more productive a worker becomes:
- A. the greater the demand for his/her services.
 - B. the greater the wage a business is able to offer the worker.
 - C. Both A and B are true.
 - D. Neither A nor B is true.
11. An employee works for 40 hours per week at \$10 per hour and has \$50 in federal income taxes, \$20 in state income taxes, and \$30 in Social Security taxes deducted each week. In addition, the employee saves \$20 per week. What is this employee's net pay?
- A. \$280.
 - B. \$300.
 - C. \$310.
 - D. \$330.
12. Emily works full-time at Handy Dandy Hardware. Who pays the FICA contributions on Emily's wages?
- A. Only Emily.
 - B. Only Emily's employer.
 - C. Both Emily and her employer (split equally).
 - D. Both Emily and her employer (split according to Emily's wage contract).

13. Katie is considering buying a \$16,000 car. She must pay 6% in state sales taxes, as well as, 1% in local sales taxes on the value of the car. What would be the total cost of the car to her?

- A. \$16,800.00
- B. \$16,690.00
- C. \$17,120.00
- D. \$17,129.60

14. An income tax requires people making \$100,000 to pay \$15,000 in income tax, those making \$25,000 to pay \$5000 and those making \$10,000 to pay \$3000. What kind of tax is this?

- A. Progressive
- B. Proportional
- C. Regressive
- D. Flat

15. Mindy sold some stocks for \$10,000 that she bought two years ago for \$6000. What is true about her federal income tax obligation as a result of this sale?

- A. She would owe no taxes on this sale.
- B. She would be subject to normal income rates on the entire \$10,000.
- C. She would be subject to normal income rates on the difference of \$4000.
- D. She would be subject to capital gains rates on the difference of \$4000.

16. What is the difference between gross and net pay?

- A. Net pay is gross pay minus saving.
- B. Gross pay is net pay minus saving.
- C. Gross pay is net pay minus taxes and deductions.
- D. Net pay is gross pay minus taxes and deductions

17. Which of the following goods or services is most likely to be purchased with funds generated from local taxes?

- A. Income security programs
- B. Police and fire protection
- C. Highways
- D. National defense

18. You incur a tax-deductible expense (such as, interest on your mortgage) of \$4000. If you are in the 35% income tax bracket, what is your after-tax cost?

- A. \$1400
- B. \$2600
- C. \$5400
- D. \$6600

19.

Jermaine has the following **expenses**:

Monthly:	Mortgage	\$600
	Car loan	\$200
	Car expenses	\$100
	Food	\$400
	Utilities	\$300
	Personal	\$200

Yearly:	Insurance	\$3000
	Property tax	\$1000
	Healthcare	\$1000
	Vacation	\$1000

If **Jermaine's net pay is \$2000/month**, then he:

- A. is living within his means.
- B. is able to save at least \$100 each month.
- C. has a balanced budget (his expenses exactly equal his income).
- D. needs to reduce his expenses to balance his budget.

20. The Jackson family has a balanced annual budget. They now decide to take an unplanned vacation. Each of the following adjustments taken alone allows them to take the vacation and maintain a balanced budget except for which one?

- A. Spend less on dining out and other activities.
- B. Save less for their retirement.
- C. Increase their income by taking on extra jobs
- D. Increase their credit card balance.

21. "Pay yourself first" means which of the following?

- A. Pay all your bills before setting aside any saving.
- B. Budget your income to those things that give you the most satisfaction.
- C. Allocate part of your income to savings before budgeting your spending.
- D. Pay off credit card balances before buying more on credit.

22. Steven's monthly net pay is \$1200. He wants to save 15% each month. If his monthly expenses except for entertainment are \$800, how much can he spend on entertainment?

- A. \$580
- B. \$382
- C. \$280
- D. \$220

23. What is Greta's ending cash balance for the year based on the following information: beginning cash balance: \$25,000, salary: \$40,000, interest income: \$5000, taxes: \$10,000, rent: \$18,000, utilities: \$6000, food: \$6000, all other expenses \$7000?

- A. \$2000
- B. \$13,000
- C. \$23,000
- D. \$27,000

24.

Consider the following **income tax table**:

<u>Income over..</u>	<u>but not over..</u>	<u>pay this tax</u>
\$0	\$20,000	5% of income
\$20,000	\$50,000	\$1000 plus 6% of amount over \$20,000
\$50,000	\$100,000	\$2800 plus 7% of amount over \$50,000

If Clark's income is \$60,000, how much income tax does he owe?

- A. \$3500
- B. \$3800
- C. \$4200
- D. \$4500

25. Running budget deficits tends to lead to all of the following except:

- A. increasing credit card debt.
- B. increasing assets.
- C. difficulty meeting unexpected expenses.
- D. having more goods and services today, but much less tomorrow.

26. If Jessica deposited \$100 two years ago in a new account that pays 10% interest compounded quarterly, what would be the current balance of her account?

- A. \$110.
- B. \$120.
- C. \$121.
- D. More than \$121.

27. About how many years would it take for \$100 to become \$400 if the \$100 is invested in a fund earning 6%?

- A. 6
- B. 12
- C. 18
- D. 24

28. The Securities and Exchange Commission:

- A. promotes insider trading.
- B. sets the prices of stocks and bonds.
- C. requires publicly-owned companies to disclose truthful information about their financial positions.
- D. must approve trades made on the major U.S. stock exchanges before they are final.

29. When stocks are first issued by a company, who buys them?

- A. Investment banks
- B. Stockbrokers
- C. A stock exchange
- D. Individual investors

30. Geanie backs her car into a pole causing \$1000 worth of damage to her car. She has an auto insurance policy with a \$250 deductible. If she has her car fixed, how much will her insurance company pay?

- A. \$0.
- B. \$250.
- C. \$750.
- D. \$1000.

1. C
2. B
3. D
4. D
5. A
6. C
7. D
8. D
9. C
10. B
11. A
12. C
13. C
14. A
15. D
16. D
17. B
18. B
19. D
20. D
21. C
22. D
23. C
24. A
25. B
26. D
27. D
28. C
29. A
30. C