

1. Price increases for a product are most likely to occur when
 - a. supply exceeds demand
 - b. demand exceeds supply
 - c. supply and demand are equal
 - d. none of these are relevant
2. Determine which of the following bags of chips of comparable quality has the lowest per-unit cost and, thus, is the best buy.
 - a. Brand A, 8 oz. bag for \$3.60
 - b. Brand B, 10 oz. bag for \$3.90
 - c. Brand C, 16 oz. bag for \$6.50
 - d. Brand D, 1 oz. bag for \$0.59
3. Your net worth can be computed as
 - a. assets plus liabilities
 - b. cash inflows minus cash outflows
 - c. assets minus liabilities
 - d. assets minus cash outflows
4. Which type of insurance coverage protects against damage to your own vehicle when you are at fault in hitting another car?
 - a. liability coverage
 - b. collision coverage
 - c. comprehensive coverage
 - d. personal injury protection (PIP)
5. Late credit card payments can
 - a. increase your interest rate
 - b. incur penalties and additional fees
 - c. hurt your credit score
 - d. all of these
6. The GRACE period is the amount of time you have to pay your credit card bill without having to pay interest on your new purchases.
7. Which of the following is the independent agency created by Congress in 1933 to promote public confidence in the banking system?
 - a. Federal Deposit Insurance Corporation (FDIC)
 - b. Financial Industry Regulatory Authority (FINRA)
 - c. Office of the Comptroller of the Currency (OCC)
 - d. Bank Safety Confidence Corporation (BSCC)
8. Under which type of bankruptcy is all debt erased?
 - a. Chapter 7
 - b. Chapter 11
 - c. Chapter 13
 - d. Chapter 17
9. When a car is pledged as collateral on a secured loan and the debtor fails to make payments, the creditors may REPOSSES the car and sell it to pay the debt.
10. LIQUIDITY is a measure of how quickly an asset can be turned into cash.
11. The total amount of money a worker earns in a pay period is his or her _____.
 - a. gross pay
 - b. net pay
 - c. adjusted gross income
 - d. capital gain

12. The deadline for filing your federal tax return each year is _____.
- January 1st
 - December 15th
 - March 15th
 - April 15th**
13. Money that an individual spends is referred to as _____.
- cash inflow
 - liquidity
 - investment
 - cash outflow**
14. The defining characteristic of a liquid asset is its _____.
- ability to earn interest
 - market value
 - quick availability**
 - diversification
15. Financial goals that you plan to accomplish within the next year should be categorized as _____ goals.
- immediate
 - short-term**
 - intermediate-term
 - long-term
16. Your net worth is the difference between your _____.
- assets and liabilities**
 - payments and income
 - cash inflows and outflows
 - liquid assets and long-term assets
17. In general, the higher the risk of a particular investment the higher the potential _____.
- debt
 - return**
 - liquidity
 - record keeping
18. All financial goals should be periodically evaluated and _____ if necessary.
- revised**
 - abandoned
 - thrown away
 - eliminated

MATH

19. Bud worked 42 hours last week. His regular pay is \$10.00 per hour. He is paid 1 1/2 times his regular pay for overtime hours (in excess of 40 hours). What was his gross pay?

$$\begin{aligned}40\text{hrs} \times \$10 &= \$400 \\ \$10 \times 1.5(\text{time and a half}) &= \$15 \\ 2\text{hrs} \times \$15 &= \$30 \\ \$400 + \$30 &= \mathbf{\$430}\end{aligned}$$

20. Austin has invested in two different stocks over the past few years. He has 22 shares of Company A's stock, which is currently selling at \$45 per share. He also has 130 shares of Company B's stock, which is currently selling at \$75 per share. What is the total value of Austin's stock holdings?

$$\begin{aligned}22 \times \$45 &= \$990 \\ 130 \times \$75 &= \$9750 \\ \$9750 + \$990 &= \mathbf{\$10,740}\end{aligned}$$

21. To determine his net worth, Nick has gathered information on all of his assets and liabilities. He has \$4,350 in household assets, \$400 in liquid assets, and Series EE bonds currently worth \$785. Nick's only liability is the remaining balance of his car loan, which is \$1,250. What is Nick's net worth?

$$\begin{aligned}\$4350 + 400 + 785 &= \$5535 \\ \$5535 - 1250 &= \mathbf{\$4285}\end{aligned}$$

22. Beth borrowed \$2,500 from the bank at 9 percent interest and will make interest-only payments until the end of the year when she will pay off the entire amount. How much will her last payment for the entire amount be?

$$\$2,500 \times .09 = \$225 \quad \$2,500 + \$225 = \mathbf{\$2,725 \text{ last pmt for entire amount}}$$

23. Jason charged a \$1,200 television at a local outlet store that offered free credit if the balance is paid in Five months. If the balance is carried past that date, then a 20 percent annual interest rate is charged on the entire amount. If Jason waits until one day past the due date, how much interest will he be charged?

$$\begin{aligned}.20/12 &= .017 \quad .017 \times 5\text{months} = .085 \text{ interest} \\ \$1,200 \times .085 &= \mathbf{\$102 \text{ interest charged after 5 months}}\end{aligned}$$

$$\begin{aligned}1 \text{ Month: } &1200 \times .017 = \$20.40 \\ 2 \text{ Months: } & \$1220.40 \times 1.017 = \$1241.14 \\ 3 \text{ Months: } & \$1241.14 \times 1.017 = \$1262.23 \\ 4 \text{ Months: } & \$1262.23 \times 1.017 = \$1283.68 \\ 5 \text{ Months: } & \$1283.68 \times 1.017 = \$1305.50\end{aligned}$$

$$\mathbf{\$1305.50 - \$1200 = \$105.50 \text{ Total Interest Paid}}$$

24. Greg deposits \$500 into an account paying 7 percent simple interest annually. How much interest will he earn after 6 months?

$$.07/12 = .0058$$

$$.0058 \times 6 = .0348$$

$$.0348 \times 500 = \mathbf{\$17.40}$$