**NEW YORK STATE FBLA**

**PERSONAL FINANCE**

**2013**

**PLEASE DO NOT OPEN THIS TEST UNTIL DIRECTED TO DO SO**

Test Directions

1. Complete the information requested on the answer sheet.

**PRINT YOUR NAME** on the “Name” line.

**PRINT** the name of the event, **PERSONAL FINANCE** on the “Subject” line.

**PRINT** the name of your **CHAPTER** on the “DATE” line.

1. All answers will be recorded on the answer sheet.

Please do not write on the test booklet.

Scrap paper will be provided.

1. Read each question completely before answering. With a **NO. 2 pencil**, blacken in your choices completely on the answer sheet. Do not make any other marks on the answer sheet, or the scoring machine will reject it.
2. You will be given 60 minutes for the test. You will be given a starting signal and a signal after 50 minutes have elapsed.

**Tie will be broken using the last 10 questions of the test.**

1. The person who writes a check is called the

a. payee c. depositor

b. maker d. demander

2. The due date for filing personal income taxes every year is

a. December 31 c. January 31

b. April 15 d. June 30

3. If Emily is paid $8.90 per hour and gets time and a half for overtime, what is her overtime rate?

a. $4.45 c. $13.35

b. $12.35 d. $17.80

4. Expenses that increase or decrease from month to month are called

a. fixed expenses c. prepaid expenses

b. unearned expenses d. variable expenses

5. A form an employer must provide employees each year for income tax purposes is called a

a. W-2 c. W-4

b. W-3 d. Form 941

6. The first step in financial planning is

a. to open a checking account c. to get a job

b. to prepare a budget d. to save

7. A “good” score on a credit report is around

a. 500 c. 600

b. 400 d. 700

8. Which of the following is a fixed expense?

a. grocery bill c. car loan

b. entertainment d. doctor bill

9. A scam set up to look like an interest-earning investment, where there actually is no investment, and new deposits are cycled to older clients to look like returns is called a(n)

a. mutual fund c. Ponzi scheme

b. opportunity cost d. no-fault law

10. The most liquid type of account one can have due to the variety of ways to access cash is a

a. checking account c. certificate of deposit

b. savings account d. money market account

11. The tax system used in the United States, one that means the more income one makes, the greater the percentage of taxes one pays, is called a(n)

a. aggressive tax system c. progressive tax system

b. obsessive tax system d. regressive tax system

12. A company that tracks down delinquent debt in exchange for a commission is called a

a. debt agency c. credit union

b. lending institution d. collection agency

13. Which of the following would be considered the *highest* risk investment?

a. commodities c. mutual funds

b. preferred stocks d. bonds

14. A check is written to Sonya Perry. On the back of the check, Sonya writes, “For Deposit Only,” then signs her name. What kind of endorsement is this?

a. special endorsement c. blank endorsement

b. full endorsement d. restrictive endorsement

15. I = PRT is

a. the formula for simple interest c. the formula for compound interest

b. the formula for an insurance rate d. the formula for an interest rate

16. In the formula in #15, the T represents

a. Time in years c. Total

b. Target value d. Time value of money

17. Hours Worked × Rate =

a. Overtime Pay c. Net Pay

b. Gross Pay d. Incentive Pay

18. All of the following information are found on a W-2 except

a. employee’s social security number c. employee’s address

b. employer’s federal ID number d. employee’s phone number

19. Which of the following transactions would likely be difficult to make without a credit card?

a. purchasing a home c. reserving tickets for a Broadway show

b. purchasing a car d. buying groceries

20. Scholarships, work-study, grants, and student loans are examples of

a. free money c. Winnings from essay writing contests

b. financial dependency d. financial aid

21. Student loans that do NOT accrue interest until you finish school, provide a ten year repayment period, and provide a 9 month grace period after graduation are called

a. subsidized student loans c. unsubsidized student loans

b. Perkins loans d. Stafford loans

22. An interest-bearing checking account that pays a higher rate of interest than a usual account, but typically has more restrictions, is called a

a. special account c. money market account

b. share account d. standard account

23. The date at which a bond can be redeemed is called the

a. due date c. end date

b. maturity date d. call date

24. The person legally charged to take care of minor children in the event something happens to the parents is called a

a. beneficiary c. legal guardian

b. god-parent d. foster parent

25. A plastic card directly linked to a checking account and used to make purchases is a

a. debt card c. credit card

b. rewards card d. debit card

26. A monthly report sent to an account holder by the bank, showing a transaction history and bank balances for the month is called a

a. bank reconciliation report c. bank statement

b. bank history report d. financial statement

27. When the stock market is trending upward or gaining value over a period of time, it is referred to as a

a. bull market c. stagnant market

b. bear market d. super market

28. Maria is at the doctor’s office and must pay $15 when she checks in. This is referred to as a

a. pre-pay c. pre-deposit

b. down-payment d. co-pay

29. A person who opens a personal checking account is known as the

a. depositor c. maker

b. payee d. debtor

30. Credit cards fall into the credit category of

a. installment loans c. cash advances

b. revolving credit d. closed-end credit

31. APR stands for

a. Actual Percentage Rate c. Annual Production Rate

b. Actual Production Rate d. Annual Percentage Rate

32. A credit card with an APR of 18% and using the Previous Balance Method to calculate interest, would use which interest rate to calculate a month’s interest?

a. 1.5% c. 18%

b. 1% d. 12%

33. The unpaid portion of a loan is called

a. rate c. collateral

b. equity d. principal

34. A bounced check is a common term used when checks are written and there is(are)

a. sufficient funds c. insufficient funds

b. uncertified checks d. certified checks

35. The widest variety of banking services is provided at a

a. savings bank c. credit union

b. commercial bank d. savings and loan association

36. Copies of Form W-2 must be provided to employees by their employer for the previous tax year no later than

a. April 15 c. January 31

b. December 31 d. January 1

37. The best way for a student to begin establishing good credit is to

a. open a savings account c. apply for a credit card

b. open a checking account d. open a store credit account

38. The form you must fill out when being hired for a job that determines the amount of withholdings your employer will take from your gross pay is the

a. W-4 c. W-2

b. W-3 d. I-9

39. The FICA rate for 2013 has changed due to congress’ failure to discuss it while delaying or avoiding the Fiscal Cliff. The new rate, which is actually a return to a previous amount, prior to two years ago, is

a. 4.2% b. 1.45%

c. 2.9% d. 6.2%

40. The amount of money one takes home each pay check is also known as

a. total income c. taxable income

b. gross income d. disposable income

41. The federal minimum wage is currently

a. $8.00 per hour c. $7.50 per hour

b. $7.25 per hour d. $8.25 per hour

42. Nellie Olsen is paid $9 per hour on a 40 hour work week. She is paid time and a half for all hours worked over 40 in any given week. Find Nellie’s gross pay for a week in which she worked 52 hours.

a. $522 c. $468

b. $414 d. $702

43. A professional who can suggest a comprehensive, individualized action plan to help you reach your financial goals is called a

a. business teacher c. loan specialist

b. financial advisor d. collection agent

44. Assets – liabilities =

a. net worth c. net pay

b. net liquidity d. net debt

45. An investment grade bond

a. offers the highest possible yield

b. has no rating at all

c. is considered the highest quality, lowest risk bond

d. is highly speculative

46. Which of the following is not considered an asset?

a. house c. lap top

b. car d. college tuition

47. Insurance that provides coverage for as long as the policyholder continues to pay the premium and build up savings over time is called

a. universal life insurance c. term life insurance

b. whole life insurance d. limited life insurance

48. If for some reason one’s employment ends, the law or Act that allows you to continue your health insurance coverage for up to 18 months after your employment ends is the

a. HIPPA c. COBRA

b. OSHA d. ECOA

49. Usually the least expensive way for a person to obtain health insurance is by

a. enrolling in an employer-provided healthcare plan

b. purchasing insurance through a private company

c. using the services of the local hospital emergency room

d. enrolling in Medicare

50. A major consumer credit law that allows you three days to change your mind about certain credit transactions that use your home as collateral is the

a. Equal Credit Opportunity Act c. Fair Credit Reporting Act

b. Fair Credit Billing Act d. Truth in Lending Act

51. Which of the following is not a main credit bureau for rating your credit score?

a. Equifax c. Western Union

b. TransUnion d. Experian

52. When someone uses your personal information without your permission for personal gain; it is most commonly known as

a. Identity theft c. Stealing

b. Fraud d. Perjury

53. The ability to quickly convert assets to cash is known as

a. convertibility c. liquidity

b. stability d. diversity

54. The only non-profit status banking/lending institutions are

a. commercial banks c. savings and loan associations

b. savings banks d. credit unions

55. Certificates that represent pieces of ownership in a company are called

a. bonds c. certificates of deposit

b. stocks d. commodities

56. In order to finance large public projects, states and local governments may issue

a. municipal bonds c. corporate bonds

b. junk bonds d. federal agency bonds

57. Which of the following is **not** a true statement about a bond?

a. In most cases, a bondholder will receive interest on a bond until the bond’s maturity date

b. A bond can be issued by a nonprofit organization as well as a corporation.

c. A bond is always a safer investment than a stock

d. A person can also make money on a bond by selling it before maturity if the price is higher than its purchase price.

58. The right, not the obligation, to buy or sell a commodity or stock for a specified price within a specified time period is called a(n)

a. annuity c. option

b. future d. discount bond

59. A typical down-payment for a house is about \_\_\_\_\_\_ percent of the purchase price.

a. 10 to 20 c. 25 to 35

b. 5 to 10 d. 40 to 50

60. A financial plan does not include

a. managing risk c. investing

b. bankruptcy d. retirement planning

61. A 21 year old college graduate starting her first full-time job want to buy a home by age 30. Which of the following is the best plan to reach this goal?

a. She should apply for a mortgage now while she is young and rates are low

b. She should start saving and investing now in order to have a down payment needed to buy a house

c. She should start buying things for her house while she is living with her parents and has limited expenses

d. She should buy the house as soon as she finds the one she likes.

62. A person has a house worth $100,000, a mortgage of $90,000, savings of $5,000, a car valued at $10,000, a $7,000 car loan, and $3,000 in credit card debt. This person’s net worth is

a. $115,000 c. $15,000

b. $100,000 d. $ 5,000

63. The application of the old saying “Don’t put all your eggs in one basket,” is called

a. diversification c. verification

b. litigation d. personification

64. The process of determining how your wealth will be allocated on or before your death is called

a. financial planning c. retirement planning

b. estate planning d. risk management

65. If one dies without a will, the court will appoint an administrator who will distribute the estate according to the laws of the state. The fact of dying without a will is known as being

a. intestate c. beneficiary-less

b. illegal d. heir-less

66. A fund that can be established to transfer assets in a manner that avoids taxes when preparing the estate plan and is placed in custody of a third party is called a

a. mutual fund c. trust fund

b. transfer fund d. will fund

67. Which of the following is a defined contribution plan for employees of schools, nonprofit organizations, and government unit?

a. Keogh plan c. 401(k) plan

b. SEP-IRA d. 403(b) plan

68. When you have sufficient income and assets to pay your debts, you are said to be

a. liquidated c. indigent

b. solvent d. secure

69. Social Security retirement benefits are

a. non-taxable in all states

b. paid to everyone, regardless if they have ever worked or not

c. insufficient to allow most seniors to retire comfortably

d. based on your taxable income during the last year you worked

70. A financial tool that provides people with revolving open-end access to funds that they can draw from repeatedly up to some preset limit is known as a

a. credit card c. mortgage

b. certificate of deposit d. checking account

71. A technique involving simply copying your credit card or debit card numbers from your cards is an identity thief’s tactic called

a. phishing c. pharming

b. skimming d. shoulder surfing

72. The following are ways to protect against identity theft except

a. being cautious about giving out credit card information over the phone

b. keeping a list of all credit cards and bank accounts

c. shopping online only on secure sites

d. throwing away un-shredded mail with personal information in the trash collected by waste mgt. services

73. Getting the latest I-phone is an example of a

a. a need c. a want

b. an expense d. a liability

74. Buying a better vehicle next year is an example of

a. a middle-term goal c. a short-term goal

b. a long-term goal d. greed

75. A high school student starts a lawn mowing business. His riding lawn mower cost $1,000; gas for the season $2,000. He spends $500 for gas driving to and from jobs, $300 for supplies and repairs, and $200 for a trimmer. Each of his 20 customers pays $40 a week for a 20-week season. What is the outcome of this business venture?

a. He makes a $12,000 profit

b. He makes a $4,000 profit

c. He has an $8,000 total cash inflow

d. He has a $4,000 total cash inflow

76. Credit reports are issued by

a. credit bureaus c. credit unions

b. your employer d. banks and savings & loans

77. Checking accounts protected by the FDIC are protected from loss for up to

a. $10,000. c. $25,000

b. $100,000 d. $250,000

78. The main differences between a PPO and an HMO health provider network is that

a. PPO’s generally have a larger network of providers and typically cost more than an HMO

b. HMO’s cost more than PPO’s

c. HMO’s are based on negotiated agreements with specific doctors and PPO’s are not.

d. PPO’s require individuals to choose a primary care physician and HMO’s do not.

79. How do economists measure inflation?

a. They survey consumers and ask if they are able to buy the same number of goods today as they were a year ago

b. They compare the cost of today’s imports from China and the Middle East to goods made in USA

c. They survey employers to determine how much they are paying in salaries and for raw materials today

d. They compare costs of a standard group of goods and services bought today to how much those goods cost a year ago

80. If a person earned $50,000 last year and again earns $50,000 this year, but the rate of inflation is 4%, this year’s buying power when compared to last year’s

a. is $48,000 c. is $52,000

b. is $50,000 d. cannot be determined from given information

81. Getting information from a person online by asking her to complete a survey or provide certain information to win a free vacation or product is called

a. skimming c. pre-texting

b. phishing d. pharming

82. Which of the following is not a type of student loan?

a. Federal Stafford loans c. Federal Perkins Loans

b. Pell grants d. Salliemae

83. When purchasing a home, one often has the choice of an adjustable rate or a fixed APR. Which of the following situations would make more sense to get an adjustable rate mortgage (ARM) versus a fixed rate mortgage?

a. One wants to be sure they will never have to pay more than the current mortgage amount

b. One believes that interest rates will be going up in the near future

c. One is planning to retire in this house in 30 years with the mortgage completely paid

d. One expects to trade up to a larger house in 3 or 4 years as their career advances

84. A credit card offer with 0% interest for one year and then just 7.99% over the prime rate is considered a(n)

a. teaser rate c. illegal rate

b. awesome rate d. scam

85. If a person owns a home valued at $350,000 and has an outstanding mortgage of $100,000, it is said that they have a lot of equity in the home because

a. they have a lot of debt

b. they will be considered to be at risk of defaulting on their mortgage

c. they own a large fraction of their home

c. they will not be approved for additional loans until mortgage is paid in full

86. All of the following are tips on using credit cards except

a. Use a credit card only if you can cover the bill

b. Impose a tight credit limit on yourself

c. Never use savings to pay off credit cards

d. Pay credit card bills first

87. The phrase “pay yourself first,” refers to the idea of

a. do what you want to do with your money first, then worry about what you have to do with it

b. If you want it now, buy it now

c. When making your budget, include an amount for savings that acts like a “fixed expense”, then budget variable expenses and wants, carefully.

d. Treat yourself. You deserve it.

88. How can you determine if you have reconciled your bank account?

a. when you check off all the items on the bank statement that match your check register

b. when the bank balance and your check register balance are the same

c. when you close your account

d. when you write the bank statement balance in your check register and use that balance.

89. The group that protects your deposits in a financial institution is the

a. Federal Reserve System

b. Federal Bureau of Investigation

c. Federal Trade Commission

d. Federal Deposit Insurance Corporation

90. A type of incentive pay based on the quality of work done or years of service on the job is called a

a. bonus c. stock option

b. profit sharing plan d. commissions

91. Harold writes a check to the power company for $203.22. He should record this amount in his check register in the

a. balance column c. fee column

b. deposit/credit column d. payment/debit column

92. What type of risk is caused by the business cycle?

a. industry risk c. market risk

b. political risk d. interest-rate risk

93. The price of stock divided by the earnings per share is known as the

a. current ratio c. P/E ratio

b. quick ratio d. dividend yield

94. A legal document authorizing someone to act on your behalf is called a

a. joint tenancy agreement c. inter vivos

b. codicil d. power of attorney

95. 

a. Earnings per share c. Interest Rate

b. Return on Investment d. Net Yield

96. Going over your credit limit or being late on a payment will likely cause you to be charged a(n)

a. service fee c. transaction fee

b. annual fee d. penalty fee

97. A check that has cleared the bank is called a(n)

a. cancelled check c. bounced check

b. certified check d. outstanding check

98. The Internal Revenue Service has the legal right to audit your tax return and supporting records for \_\_\_\_ years from the date of filing.

a. 10 c. 7

b. 5 d. 3

99. A request that a bank not honor a specific check is called a(n)

a. overdraft order c. stop-payment order

b. cancellation request d. void request

100. The need for credit arose in the United States with the dawn of the

a. American Revolution c. Great Depression

b. Information Age d. Industrial Revolution

ANSWER KEY

1. B 26. C 51. C 76. A

2. B 27. A 52. A 77. D

3. C 28. D 53. C 78. A

4. D 29. A 54. D 79. D

5. A 30. B 55. B 80. A

6. B 31. D 56. A 81. B

7. D 32. A 57. C 82. B

8. C 33. D 58. C 83. D

9. C 34. C 59. A 84. A

10. A 35. B 60. B 85. C

11. C 36. C 61. B 86. C

12. D 37. B 62. C 87. C

13. A 38. A 63. A 88. B

14. D 39. D 64. B 89. D

15. A 40. D 65. A 90. A

16. A 41. B 66. C 91. D

17. B 42. A 67. D 92. C

18. D 43. B 68. B 93. C

19. C 44. A 69. C 94. D

20. D 45. C 70. A 95. B

21. A 46. D 71. B 96. D

22. C 47. B 72. D 97. D

23. B 48. C 73. C 98. A

24. C 49. A 74. A 99. C

25. D 50. D 75. A 100. D