
PERSONAL FINANCE

Overview

This event recognizes students, who possess essential knowledge and skills related to financial issues, can analyze the rights and responsibilities of consumers, and apply knowledge to financial situations.

This is an individual online test.

Competencies and Task Lists

<http://www.fbla-pbl.org/competitive-event/personal-finance-fbla/>

Web Site Resources

- Business Education Links
<http://lessonplans.btskinner.com/>
- Forbes Finance
<http://www.forbes.com/finance/>
- Practical Money Skills
<http://www.practicalmoneyskills.com>

PERSONAL FINANCE SAMPLE QUESTIONS

- 1) Retirement planning should ideally begin ____.
- A) a few years before retirement
 - B) when all debts are paid off
 - C) when kids go off to college
 - D) when the first paycheck is received

Competency: Financial Principles Related to Personal Decision Making

- 2) The practice of pressuring consumers to buy a more expensive product than what they had intended is called:
- A) jumping prices
 - B) trading up
 - C) misrepresentation
 - D) inflating prices

Competency: Financial Principles Related to Personal Decision Making

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- 3) A type of financial fraud in which people pay to join an organization in exchange for the right to sell memberships to others is called a:
- A) square scheme
 - B) pyramid scheme
 - C) geometric scheme
 - D) circle scheme

Competency: Financial Principles Related to Personal Decision Making

- 4) On-the-job training is an example of:
- A) formal education
 - B) natural education
 - C) informal education
 - D) self-education

Competency: Earning a Living (Income, Taxes)

- 5) If an hourly worker makes \$15.00 per hour and earns time and a half for overtime, how much is the per hour pay for overtime if the employee works 40 regular hours and 6 overtime hours?
- A) \$25.00
 - B) \$22.50
 - C) \$735.00
 - D) \$135.00

Competency: Earning a Living (Income, Taxes)

- 6) Taxable income is used to compute:
- A) exemptions.
 - B) capital gains.
 - C) income tax.
 - D) deductions.

Competency: Earning a Living (Income, Taxes)

- 7) The purpose of is Form W-4 is to ____.
- A) to allow the employee to participate in a tax-deferred savings plan
 - B) to document a refund or figure a balance due to the IRS each year
 - C) to allow the employer to withhold federal income taxes from an employee's wages
 - D) to itemize how much money was earned by an employee and how much was withheld and sent to the IRS

Competency: Earning a Living (Income, Taxes)

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- 8) When preparing a budget, you need to focus mostly on your:
- A) net income
 - B) gross income
 - C) disposable income
 - D) taxable income

Competency: Managing Budgets and Finance (Planning and Money Management)

- 9) A person's ___ is a measure of the amount of money coming in versus the amount going out.
- A) cash flow
 - B) allowance
 - C) income statement
 - D) debt ratio

Competency: Managing Budgets and Finance (Planning and Money Management)

- 10) Which one of the following would be a monthly fixed expense for budgeting purposes?
- A) magazine subscription
 - B) electricity bill
 - C) rent
 - D) gifts

Competency: Managing Budgets and Finance (Planning and Money Management)

- 11) A budget that shows a surplus means that ___.
- A) more money was spent on entertainment than originally planned
 - B) less was spent than what was earned
 - C) you received a cut in pay
 - D) spent money budgeted for emergencies on car repairs.

Competency: Managing Budgets and Finance (Planning and Money Management)

- 12) The time value of money refers to:
- A) increases in an amount of money as a result of interest
 - B) financial decisions that require borrowing funds from a financial institution
 - C) personal opportunity costs such as time lost on an activity
 - D) changes in interest rates due to changes in supply and demand for money in our economy

Competency: Saving and Investing

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- 13) Setting funds aside for long-term goals is ____.
- A) marketing
 - B) investing
 - C) planning
 - D) savings

Competency: Saving and Investing

- 14) Stocks in young, often small corporations that have higher overall risk than stocks of successful, long-established companies are called:
- A) emerging stocks
 - B) defensive stocks
 - C) blue chip stocks
 - D) growth stocks

Competency: Saving and Investing

- 15) The total interest earned on \$100 for three years at 10% (compounded annually) would be roughly:
- A) \$21
 - B) \$131
 - C) \$31
 - D) \$41

Competency: Saving and Investing

- 16) An increase in the value of a stock over time is called a(n):
- A) dividend
 - B) yield
 - C) capital gain
 - D) investment

Competency: Saving and Investing

- 17) You must file your tax return by this date every year.
- A) April 15
 - B) June 1
 - C) January 1
 - D) December 31

Competency: Buying Goods and Services

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- 18) Items purchased on the spur of the moment is referred to as ____.
- A) impulse buying
 - B) sight buying
 - C) quick buying
 - D) on site buying

Competency: Buying Goods and Services

- 19) Which one of the following would be a reliable research tool for purchasing a dishwasher?
- A) eBay
 - B) Consumer Reports
 - C) Kelley Blue Book
 - D) Edmunds

Competency: Buying Goods and Services

- 20) This form of insurance provides protection against losses from injury to people or property resulting from the products, services, or actions of a business?
- A) personal property insurance
 - B) liability insurance
 - C) warranty
 - D) malpractice insurance

Competency: Banking and Insurance

- 21) A general rise in the level of prices for goods and services over time is referred to as ____.
- A) recession.
 - B) inflation.
 - C) liquidity.
 - D) deflation.

Competency: Banking and Insurance

- 22) Which one of the following will likely result in lower insurance costs?
- A) purchase an individual plan rather than a group plan
 - B) pay your premiums monthly rather than yearly
 - C) choose a lower deductible
 - D) buy more than one type of insurance from the same company

Competency: Banking and Insurance

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- 23) A(n) ___ should be asked for by your bank if a check is lost or stolen.
- A) overdraft protection
 - B) a stop payment order
 - C) fraud prevention form
 - D) copies of cancelled checks

Competency: Banking and Insurance

- 24) Which one of the following are checks for which you pay in advance and, if they are lost or stolen, the company from whom you bought these checks will replace them?
- A) traveler's checks
 - B) outstanding checks
 - C) canceled checks
 - D) negotiable checks

Competency: Banking and Insurance

- 25) Whether you have the financial ability to repay your debt goes toward determining this "C" of credit:
- A) character
 - B) commitment
 - C) capital
 - D) capacity

Competency: Credit and Debt

- 26) Exercising good credit management means:
- A) using credit for at least 80 percent of your purchases
 - B) following an individual plan for using credit wisely
 - C) always getting someone to cosign your loans
 - D) never using credit under any circumstances

Competency: Credit and Debt

- 27) The 25 day time period in which new credit card purchases can be paid off when there is no previous balance, without being charged interest is the ____.
- A) grace period
 - B) overdrawn period
 - C) rest period
 - D) accumulation period

Competency: Credit and Debt

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- 28) The agencies who provide free credit reports for consumers are:
- A) TransUnion, FTC, FDIC
 - B) Equifax, TransUnion, Experian
 - C) SEC, FTC, FCRA
 - D) Equifax, FirstUnion, Exposure

Competency: Credit and Debt

- 29) Chapter 7 bankruptcy relieves an individual from debts arising from ____.
- A) student loans
 - B) consumer credit debt
 - C) alimony
 - D) child support

Competency: Credit and Debt

- 30) The unpaid portion of a loan is called:
- A) rate
 - B) principal
 - C) equity
 - D) collateral

Competency: Credit and Debt

Organizational Leadership Answer Key

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

Parliamentary Procedure Answer Key

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

Personal Finance Answer Key

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

Overview

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This is an individual objective test.

Competencies and Task Lists

<http://www.fbla-pbl.org/docs/ct/FBLA/PERSONALFINANCE.pdf>

Web Site Resources

- Business Education Links
<http://lessonplans.btskinner.com/>
- Growing Your Money
http://www.fanniemaefoundation.org/programs/finance_tools.shtml
- It's Your Move
<http://www.thecepe.org/IYM/IYM.htm>
- National Endowment for Financial Education HS Financial Planning Program
<http://www.nefe.org/pages/educational.html>
- Practical Money Skills
<http://www.practicalmoneyskills.com/english/teachers/>

PERSONAL FINANCE SAMPLE QUESTIONS

1. The tax on wages, salaries, and self-employed earnings is:
 - a. estate tax
 - b. inheritance tax
 - c. income tax
 - d. luxury tax

2. A retirement plan that is funded at least in part by an employer is referred to as:
 - a. a mentorship program
 - b. an adjusted benefit
 - c. a legal right
 - d. a pension plan

3. A specific expense, such as a medical expense, that can be deducted from adjusted gross income for tax purposes is:
 - a. an allowance
 - b. a charitable contribution
 - c. an itemized deduction
 - d. an exemption

4. A fee collected from most employees to support a federal program that provides old-age, survivors, and disability insurance is commonly referred to as:
 - a. federal insurance corporation fee
 - b. Medicaid
 - c. employees' health insurance
 - d. Social Security tax

-
5. Gross income is the amount of income from wages or salary:
 - a. before payroll deductions
 - b. before bonuses are added in
 - c. after payroll deductions
 - d. that the person can actually spend

 6. Which one of the following defines a budget?
 - a. a plan to match expected income with expected outflow
 - b. something that will decrease your wants and needs
 - c. a plan to increase income
 - d. a plan to match spending with saving

 7. A person who buys and uses goods and services is a:
 - a. producer
 - b. consumer
 - c. competitor
 - d. supplier

 8. Saving is:
 - a. setting money aside for long-term goals
 - b. the same thing as investing
 - c. not important if you have a checking account
 - d. what people usually do to meet short-term goals

 9. The ingredients on food labels are listed:
 - a. alphabetically
 - b. by nutritional value, from least to most
 - c. in any order the manufacturer chooses
 - d. by weight, from most to least

 10. When you multiply principal times rate of interest times length of repayment time, the result is:
 - a. simple interest
 - b. principal
 - c. refund
 - d. unearned interest

 11. Which type of communication takes place among employees?
 - a. upward
 - b. downward
 - c. vertical
 - d. horizontal

 12. Personal factors that change your buying patterns include all **except**:
 - a. age
 - b. competition
 - c. lifestyle
 - d. employment status

 13. Jack is married to Susan; they have five dependent children. Jack can legally use which of the following filing income tax status?
 - a. single
 - b. head of household
 - c. qualifying widow
 - d. married filing jointly

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14. The best approach to solving the problem of an annual budget deficit is generally to:
 - a. reduce flexible expenditures
 - b. sell stock to make up the deficit
 - c. get a part time job
 - d. reduce fixed expenses

 15. Jane and Manuel have a net worth of \$15,000 and total assets of \$150,000. If their revolving credit balance and unpaid bills total \$3,500, what are their total liabilities?
 - a. \$143,500
 - b. \$140,000
 - c. \$135,000
 - d. \$165,000

 16. Municipal bonds have an additional benefit of being:
 - a. tax deferred
 - b. convertible
 - c. not rated
 - d. tax exempt

 17. Which one of the following factors has the least influence on personal decisions?
 - a. values
 - b. peers
 - c. global market
 - d. family

 18. What is the first step in the financial planning process?
 - a. create a plan
 - b. monitor and modify
 - c. set goals
 - d. analyze information

 19. Which one of the following employee benefits would a working parent find most useful?
 - a. Social Security benefits
 - b. tax-deferred retirement plan
 - c. parental leave
 - d. stock options

 20. Which one of the following could **not** be called income?
 - a. a paycheck
 - b. interest received from a savings account
 - c. an allowance
 - d. interest paid on a loan

 21. You want to buy four new tires before winter. The SMART component in this goal is:
 - a. specific
 - b. measurable
 - c. reliable
 - d. attainable

 22. The type of investment that has the highest risk and the highest potential rate of return is
 - a. money market mutual fund
 - b. savings bonds
 - c. stocks
 - d. government bonds

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23. What approximate interest rate would an investor need to earn in order to double the value of an investment in six years?
- 6 percent
 - 10 percent
 - 12 percent
 - 70 percent
24. An advantage of owning a house instead of renting is that you:
- need less money
 - can move easily
 - may have tax advantages
 - do maintenance yourself
25. What is used to add funds to a bank account?
- check
 - deposit slip
 - withdrawal slip
 - signature card
26. Which one of the following types of life insurance does **not** have a cash value?
- limited life
 - term life
 - ordinary life
 - all life insurance policies have a cash value
27. A small food retailer that stocks popular items at higher prices and emphasizes an accessible location and long operating hours is called a:
- convenience store
 - vending machine
 - specialty store
 - supermarket
28. This warranty is imposed by law and is understood to apply even though it has **not** been stated.
- implied warranty
 - guaranteed warranty
 - statutory warranty
 - express warranty
29. In most markets, wages and salaries are determined by:
- what competitors pay
 - commission-based plans
 - local laws
 - small businesses
30. A net worth statement is most commonly used for which one of the following?
- in the event of a tax audit
 - in preparing budgets
 - when applying for a loan or credit
 - as proof of loss in case of fire or theft

Personal Finance Answer Key

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

Overview

This event recognizes students who possess essential knowledge and skills related to financial issues, can analyze the rights and responsibilities of consumers, and apply knowledge to financial situations.

Competencies

The topics listed below are prioritized, listing the most important content areas of the tests.

- Financial principles related to personal decision making
- Earning a living (income, taxes)
- Managing budgets and finance
- Saving and investing
- Buying goods and services
- Banking, credit, and insurance

Procedures/Tips

- Review the Competitive Events Tips in the front of the book.

Personal Finance Sample Questions

1. The total dollar value of all final goods and services produced in a country during one year is called:
 - a. gross domestic product (GDP)
 - b. consumer price index (CPI)
 - c. per capita income (PCI)
 - d. annual production rate (APR)
2. When interest rates are high, the average consumer will
 - a. save less.
 - b. buy less.
 - c. buy nothing at all.
 - d. not change spending patterns.
3. Personal factors that change your buying patterns include all **except**
 - a. competition.
 - b. employment status.
 - c. lifestyle.
 - d. age.
4. Which one of the following could not be considered income?
 - a. interest paid on a loan
 - b. interest received from a savings account
 - c. winnings from the lottery
 - d. a paycheck
5. An adjustment to the tax withheld from your paycheck, based on your marital status and whether you have dependents, is:
 - a. adjusted gross income
 - b. dependent benefit
 - c. allowance
 - d. exemption
6. A salaried employee is paid:
 - a. only once a month
 - b. the same amount each pay period, regardless of the number of hours worked
 - c. a different amount each pay period, depending on the number of hours worked
 - d. the same as all the other salaried employees
7. A budget provides:
 - a. detailed plans for the financial needs of individuals, families, and businesses
 - b. a form for recording expenses for income tax reporting purposes
 - c. a way to invest money so that it doubles in value
 - d. strict guidelines that cannot be changed so that individuals will not overspend
8. What are the two taxes that make up FICA (Federal Insurance Contributions Act) to fund retirement and disability benefits?
 - a. state income tax and federal income tax
 - b. state income tax and Social Security tax
 - c. sales tax and excise tax
 - d. Social Security tax and Medicare tax
9. Fixed expenses:
 - a. cost the same amount each time
 - b. are for larger amounts than variable expenses
 - c. are ones you don't pay each month
 - d. fluctuate in amount, so you have more control over how much they will be

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10. In a command economy,
 - a. the resources are owned and controlled jointly by the government and the citizens.
 - b. the resources are owned and controlled by the people of the individual country.
 - c. the right of private property controls economic resources.
 - d. the resources are owned and controlled by the government.

 11. The rate that banks make available to their best business customers, such as large corporations, is referred to as the
 - a. prime rate.
 - b. certificate of deposit rate.
 - c. discount rate.
 - d. bond rate.

 12. A budget is a plan to
 - a. increase income.
 - b. matching spending with saving.
 - c. decrease your wants and needs.
 - d. match expected income with expected outflow.

 13. A corporation's net, or after-tax, earnings divided by the number of outstanding shares of common stock is a measurement of a company's performance referred to as:
 - a. price-earnings (PE) ratio
 - b. current yield
 - c. dividend
 - d. earnings per share

 14. An investment in which investors pool their money to buy stocks, bonds or other securities selected by professional managers is
 - a. portfolio investing.
 - b. mutual funds.
 - c. a line of credit.
 - d. IPO investing.

 15. Historically, over long periods of time, performance records indicate that
 - a. growth investments cannot keep up with inflation.
 - b. growth investments have outperformed income investments.
 - c. income investments have outperformed growth investments.
 - d. growth investments and income investments perform at the same general rate.

 16. In the area of investments, yield usually refers to
 - a. a stock's first offering on the exchange.
 - b. a bond's potential return.
 - c. giving in to market trends in investments.
 - d. an investment broker's discount offered to the best clients.

 17. An interest rate that includes compounding is
 - a. annual percentage rate.
 - b. long-term rate.
 - c. annual percentage yield.
 - d. short term-rate.

 18. Municipal bonds have an additional benefit of being
 - a. tax deferred.
 - b. not rated.
 - c. tax exempt.
 - d. convertible.

-
19. A portion of the total cost of an item that must be paid at the time of purchase is
 - a. rebate.
 - b. refund.
 - c. real price.
 - d. down payment.

 20. Someone who helps people manage their money through tax and estate planning, pension plans, and investment strategies for a fee is called a
 - a. management trainee.
 - b. financial planner.
 - c. banker.
 - d. financial analyst.

 21. When there is a dispute about a product, the dispute may be settled through a process involving an impartial third party whose decision is legally binding. This process is called:
 - a. mediation
 - b. comparison shopping
 - c. arbitration
 - d. compromise

 22. It is illegal for telemarketers to:
 - a. call after 5 p. m.
 - b. call before 8 a.m. or after 9 p.m.
 - c. call before 12 noon
 - d. call at dinnertime

 23. Billy and Ruth married three months ago. They plan to relocate when Billy finishes his training in 6 months. For now, which of the following housing options would be most the best choice for them?
 - a. lease a car
 - b. buy a house
 - c. rent an apartment
 - d. buy a camper

 24. Generally, a home buyer with a good credit rating can get a mortgage that is _____ times his or her annual income.
 - a. 2.5
 - b. 5
 - c. 3.5
 - d. 2

 25. What is covered under collision automobile insurance?
 - a. damage to all vehicles involved in an accident
 - b. damage to the property (such as a fence or tree) of others
 - c. damage to the other person's vehicle when you are involved in an accident
 - d. damage to your vehicle when it is involved in an accident

 26. The main types of bodily injury insurance coverage are:
 - a. bodily injury liability and collision
 - b. bodily injury liability and no-fault insurance
 - c. bodily injury liability, medical payment, and uninsured motorist's protection
 - d. bodily injury liability and medial payment

 27. An overdraft is a check written
 - a. and signed by more than one person.
 - b. for more money than is currently in the account.
 - c. and signed by someone other than the person on the signature card.
 - d. and dated with a date in the future.

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28. A once-a-year fee charged by many credit card issuers in addition to interest is the
- a. annual fee.
 - b. cash advance fee.
 - c. over-the-limit fee.
 - d. usage fee.
29. Insurance which actually replaces an item that has been destroyed, with no depreciation deducted, is
- a. replacement insurance.
 - b. restrictive insurance.
 - c. depreciation insurance.
 - d. renters insurance.
30. Car insurance premiums will be increased as a result of
- a. driving short distances.
 - b. driving only in rural areas.
 - c. filing claims.
 - d. owning an older car.

Personal Finance Answer Key

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

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- Forbes Finance
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- Practical Money Skills
<http://www.practicalmoneyskills.com/english/teachers/>

PERSONAL FINANCE SAMPLE QUESTIONS

1. What are collective values?
 - a. basic needs for individuals
 - b. personal preferences
 - c. things important to society as a whole
 - d. luxury items desired by individuals

Competency: Financial Principles Related to Personal Decision Making

2. The Federal Trade Commission (FTC) does **not** regulate
 - a. unfair methods of advertising
 - b. unfair methods of competition
 - c. deceptive product labeling
 - d. unfair interest rates

Competency: Financial Principles Related to Personal Decision Making

3. When a family makes major decisions, what should these decisions be based on?
 - a. desired lifestyle
 - b. each person's needs and wants
 - c. the amount of income
 - d. economic projections

Competency: Financial Principles Related to Personal Decision Making

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4. Which phrase about money is **false**?
- a. must be backed by gold
 - b. must be in a form where it can be readily divisible
 - c. is anything that can be used to settle debt
 - d. must be durable

Competency: Financial Principles Related to Personal Decision Making

5. Items of value that a person owns should be included on the:
- a. budget
 - b. personal property inventory
 - c. balance sheet
 - d. net worth statement

Competency: Earning a Living

6. Which one of the following is **not** an important financial record to keep?
- a. tax records
 - b. net worth statement
 - c. income and expense records
 - d. Income Statement

Competency: Earning a Living

7. Which one of the following is **not** an initial step when preparing a budget?
- a. create a wish list
 - b. set a savings goal
 - c. estimate income
 - d. estimate expenses

Competency: Earning a Living

8. When completing a tax return, what do you call the amount you may subtract from income for each person who depends on your income to live?
- a. refund
 - b. social benefit
 - c. exemption
 - d. deduction

Competency: Earning a Living

9. A _____ guarantees a product's quality and performance.
- a. warranty
 - b. product description
 - c. testimony
 - d. statement of assurance

Competency: Managing Budgets and Finance

10. The ___ form is completed by new employees to direct the employer on the quantity of taxes to be removed from each pay check.

- a. 1040EZ
- b. W-2
- c. 1040
- d. W-4

Competency: Managing Budgets and Finance

11. Taxpayers may claim an exemption for each of their:

- a. jobs
- b. donations
- c. dependents
- d. properties

Competency: Managing Budgets and Finance

12. The ___ is the government agency in charge of collecting taxes, enforcing tax laws, and supplying information to help taxpayers prepare their tax returns.

- a. FDIC
- b. Federal Reserve
- c. IRS
- d. U.S. Treasury

Competency: Managing Budgets and Finance

13. The ___ is a good that a store is willing to sell for no profit in order to drive consumer traffic.

- a. consumer influencer
- b. loss leader
- c. skim product
- d. penetration product

Competency: Managing Budgets and Finance

14. The ___ deducts money from a checking account almost immediately to pay for purchases.

- a. check
- b. debit card
- c. deposit
- d. credit card

Competency: Saving and Investing

15. The ___ Rule requires used automobile dealers to fully disclose to buyers what is and is **not** covered under warranty for the used vehicle.

- a. CPSC
- b. FTC
- c. BBB
- d. FCC

Competency: Saving and Investing

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16. Which federal organization spearheaded the recall on eggs sold at supermarkets?
- a. FCC
 - b. FTC
 - c. c FDA
 - d. USDA

Competency: Saving and Investing

17. ____ includes all activities related to production and distribution of goods and services in a geographic area.
- a. Financing
 - b. Distribution
 - c. Marketing
 - d. Financial planning

Competency: Saving and Investing

18. ____ stocks are stocks in corporations that reinvest their profits into the business so that it can grow.
- a. Cyclical
 - b. Blue chip
 - c. Defensive
 - d. Growth

Competency: Buying Goods and Services

19. ____ are paid to stockholders from the corporation's earnings (profits).
- a. Dividends
 - b. Odd lots
 - c. Stock splits
 - d. Round lots

Competency: Buying Goods and Services

20. The ____ tells the investor the risk category that has been assigned to a bond.
- a. bond redemption
 - b. bond efficiency
 - c. bond rating
 - d. bond default

Competency: Buying Goods and Services

21. A(n) ____ risk may result in either gain or loss. Buying gold is an example of this type of risk.
- a. insurable
 - b. personal
 - c. speculative
 - d. economic

Competency: Buying Goods and Services

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22. _____ occurs when an individual buys insurance to cover financial losses caused by fire, theft, injury, or death.
- Risk shifting
 - Risk avoidance
 - Risk reduction
 - Risk assumption

Competency: Banking and Insurance

23. The _____ is a provision requiring policyholders to insure their building for a stated percentage of its replacement value in order to receive full reimbursement for a loss.
- deductible
 - co-insurance clause
 - personal property floater
 - endorsement

Competency: Banking and Insurance

24. _____ occurs when the policyholder who has suffered an insurable loss is put back in the same financial condition before the loss occurred.
- Claim verification
 - Indemnification
 - Damage assessment
 - Speculation

Competency: Banking and Insurance

25. Which form of credit is the least likely to involve installment payments?
- education loan
 - automobile loan
 - department store credit card
 - home loan

Competency: Banking and Insurance

26. _____ is an advantage of owning a home.
- Tax break
 - Mobility
 - Minimal maintenance
 - Property taxes

Competency: Credit and Debt

27. _____ is **not** a negotiable instrument.
- Promissory note
 - Bank draft
 - Check
 - Credit card

Competency: Credit and Debt

28. The ____ prohibits the use of threats, obscenities, and misleading statements to intimidate consumer into paying.

- a. Fair Debt Collection Practices Act
- b. Fair Credit Billing Act
- c. Fair Credit Reporting Act
- d. Consumer Credit Protection Act

Competency: Credit and Debt

29. A ____ occurs when a consumer requests the credit bureaus to deny all access to the consumer's credit information or files.

- a. closed public record
- b. credit restriction
- c. credit freeze
- d. credit guard

Competency: Credit and Debt

30. Consumers who are deep into debt may go to a credit counseling organization that takes over and manages the consumer's payment of the debt for a period of time until the consumer is free of debt. This procedure is called:

- a. debt adjustment
- b. bankruptcy
- c. online credit advice
- d. debt management plan

Competency: Credit and Debt