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## 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/docs/ct/FBLA/PERSONALFINANCE.pdf>

### Web Site Resources

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

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## 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**?
- must be backed by gold
  - must be in a form where it can be readily divisible
  - is anything that can be used to settle debt
  - must be durable

**Competency:** Financial Principles Related to Personal Decision Making

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

**Competency:** Earning a Living

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

**Competency:** Earning a Living

7. Which one of the following is **not** an initial step when preparing a budget?
- create a wish list
  - set a savings goal
  - estimate income
  - 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?
- refund
  - social benefit
  - exemption
  - deduction

**Competency:** Earning a Living

9. A \_\_\_\_\_ guarantees a product's quality and performance.
- warranty
  - product description
  - testimony
  - statement of assurance

**Competency:** Managing Budgets and Finance

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10. The \_\_\_ form is completed by new employees to direct the employer on the quantity of taxes to be removed from each pay check.
- 1040EZ
  - W-2
  - 1040
  - W-4

**Competency:** Managing Budgets and Finance

11. Taxpayers may claim an exemption for each of their:
- jobs
  - donations
  - dependents
  - 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.
- FDIC
  - Federal Reserve
  - IRS
  - 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.
- consumer influencer
  - loss leader
  - skim product
  - penetration product

**Competency:** Managing Budgets and Finance

14. The \_\_\_ deducts money from a checking account almost immediately to pay for purchases.
- check
  - debit card
  - deposit
  - 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.
- CPSC
  - FTC
  - BBB
  - FCC

**Competency:** Saving and Investing

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

**Competency:** Saving and Investing

17. \_\_\_\_ includes all activities related to production and distribution of goods and services in a geographic area.
- Financing
  - Distribution
  - Marketing
  - Financial planning

**Competency:** Saving and Investing

18. \_\_\_\_ stocks are stocks in corporations that reinvest their profits into the business so that it can grow.
- Cyclical
  - Blue chip
  - Defensive
  - Growth

**Competency:** Buying Goods and Services

19. \_\_\_\_ are paid to stockholders from the corporation's earnings (profits).
- Dividends
  - Odd lots
  - Stock splits
  - Round lots

**Competency:** Buying Goods and Services

20. The \_\_\_\_ tells the investor the risk category that has been assigned to a bond.
- bond redemption
  - bond efficiency
  - bond rating
  - 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.
- insurable
  - personal
  - speculative
  - 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.
- a. Risk shifting
  - b. Risk avoidance
  - c. Risk reduction
  - d. 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.
- a. deductible
  - b. co-insurance clause
  - c. personal property floater
  - d. 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.
- a. Claim verification
  - b. Indemnification
  - c. Damage assessment
  - d. Speculation

**Competency:** Banking and Insurance

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

**Competency:** Banking and Insurance

26. \_\_\_\_ is an advantage of owning a home.
- a. Tax break
  - b. Mobility
  - c. Minimal maintenance
  - d. Property taxes

**Competency:** Credit and Debt

27. \_\_\_\_ is **not** a negotiable instrument.
- a. Promissory note
  - b. Bank draft
  - c. Check
  - d. Credit card

**Competency:** Credit and Debt

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28. The \_\_\_\_ prohibits the use of threats, obscenities, and misleading statements to intimidate consumer into paying.
- Fair Debt Collection Practices Act
  - Fair Credit Billing Act
  - Fair Credit Reporting Act
  - 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.
- closed public record
  - credit restriction
  - credit freeze
  - 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:
- debt adjustment
  - bankruptcy
  - online credit advice
  - debt management plan

**Competency:** Credit and Debt