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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/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>

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## 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