Personal Finance

Practice Final Exam

1. Which is an example of the consumer responsibility to promote a healthy, caring relationship with the environment?

A. Janet wears gloves, protective clothing, and a mask when applying pesticides.

B. Katrina saves coupons to help keep her grocery expenses as low as possible.

C. Larry returned the spoiled meat to the market where he had bought it.

D. Matt bought foods packaged in biodegradable materials whenever possible.

2. Victor purchased a circular wood saw from a large department store. He was in a hurry to finish his latest home improvement project and removed the blade guard to save time. Victor ignored the

consumer responsibility to:

A. learn.

B. seek redress.

C. use products safely.

D. use information.

3. What do consumer advocacy groups and the Consumer Product Safety Commission have in common?

A. Both are state agencies.

B. Both protect consumers.

C. Both represent consumers in lawsuits against big companies.

D. Both write letters of complaint for consumers who have been treated poorly.

4. When the hedge trimmer she purchased from the local hardware store would not work properly, Tara was uncomfortable about taking it back, so she decided she would never shop at that store again.

The **MOST LIKELY** cause of her dissatisfaction with the store was her failure to:

A. do product research.

B. follow manufacturer’s instructions.

C. speak up about legitimate dissatisfactions.

D. use the product safely.

5. Jane is comparing a 16-ounce can of broth that sells for $1.19 with a 32-ounce can that sells for $1.99. Which

has the lower unit price?

A. 16-ounce can

B. 32-ounce can

C. Unit price is the same

D. Not enough information to determine unit prices

6. Which food product would be a wise purchase on March 1 of the current year?

A. A can of lima beans with a *pack date* of February 5, same year

B. A package of fresh chicken wings with a *pull date* of February 27, same year

C. A package of fresh carrot sticks with a *freshness date* of February 13, same year

D. Cans of liquid baby formula with an *expiration date* of February 25, same year

7. Lucas is looking for easy-care shirts to wear to work in the mall. Which is the best choice for Lucas?

A. 100% cotton knit shirts, wash in cold water, bright colors separately, lay flat to dry

B. 100% linen shirts, hand wash cold water, hang to dry, steam-press

C. 100% silk woven shirts, dry clean only

D. 65% polyester/35% cotton shirts, machine wash warm, tumble dry, remove promptly

8. Which labeling clearly indicates the hygiene product is a drug and must meet FDA requirements?

A. “Fluoride toothpaste with active ingredient sodium monofluorophosphate”

B. “Fragrance-free moisturizing therapy gel for sunburned, dry, irritated skin”

C. “Vitamin-rich aroma spa body lotion for healthy, vibrant and conditioned skin”

D. “White-strips with noticeable whitening after 3 days”

9. Hilda is looking for a product to relieve acid indigestion safely, effectively, and economically. Which is the best choice?

A. Generic, over-the-counter acid reducer tablet

B. Dietary supplement guaranteed to aid digestion and regularity

C. Well-known brand name liquid with caution statement about sleepiness and other side effects

D. Chewable tablet on website guaranteed to end indigestion fast

10. Hank wants to shop for holiday gifts for his family members in just one store. What type of store would **MOST LIKELY** be the best place to shop?

A. Consignment store

B. Department store

C. Specialty store

D. Thrift shop

11. Buying a baby bed as the highest bidder on an online shopping site is an example of which type of home shopping?

A. Door-to-door

B. Internet auction

C. T-commerce

D. Telemarketing

12. Jerry purchased a used golf cart on an Internet auction. When the golf cart arrived, he discovered that the cart was damaged and did not contain the battery. Which pro or con of shopping at home does this illustrate?

A. Con---may have shipping and handling costs added

B. Con---may not understand exactly the condition of what is being bought

C. Pro---can purchase on the spot

D. Pro---will deliver

13. The bricklayer gave Mr. Smith an itemized list of costs for the proposed job of building a wall around his property. This is an example of which type of service work agreement?

A. Contract

B. Estimate

C. Service warranty

D. Work order

14. Regina interviewed several painting contractors before selecting one to paint her house. Which effective shopping practice is this?

A. Plan before you shop

B. Comparison shop products

C. Comparison shop services

D. Shop wisely in stores

15. A disadvantage of this mode of transportation is that costs are higher than other modes.

A. Bicycling

B. Carpooling

C. Public transit

D. Taxicabs

16. Nicole is listing features she wants and needs in her new car. Which step in meeting transportation needs is this?

A. List transportation options

B. Set priorities

C. Do the research

D. Obtain automobile insurance

17. Nate is comparing motorcycles and services available at a small local dealership with those in a much larger city dealership. Which type of research for a vehicle purchase is this?

A. Researching options for financing

B. Researching prices

C. Researching used vs. new vehicles

D. Researching where to buy

18. An advantage for a first-time buyer of buying a used car instead of a new one is that used cars:

A. are less likely to need repairs and replacements.

B. are more likely to be affordable for younger buyers.

C. decrease in value more quickly than new cars.

D. may have been involved in prior accidents.

19. Sally bought her new car from a dealer that represented *Ford* manufacturers. Which is **MOST LIKELY** true of Sally’s new car?

A. Was bought from a traditional dealership

B. Was bought on Internet auction

C. Will not have a warranty

D. Will only be available for leasing, not buying

20. When researching makes and models of trucks, Andy checked trucks for headroom, legroom, and seating. Which factor to consider when buying vehicles is this?

A. Comfort and convenience

B. Fuel economy

C. Power and performance

D. Reliability

21. Joey discovered that features like leather seats, sun roof and special rims are available on new cars at an extra cost. Which type of pricing is this?

A. Base price

B. Book value

C. Invoice price

D. Options and options packages

22. Brad needs to find an installment loan where his monthly payments will be as low as possible. One condition of this is having:

A. a longer term to repay the loan.

B. to obtain financing from a bank.

C. to lease, rather than buy, a vehicle.

D. to obtain financing from the a dealership.

23. When Blake’s car slid on ice off the road into a tree, his insurance paid for the injuries to his

passenger. Which type of insurance is this?

A. Collision

B. Comprehensive physical damage

C. Liability

D. Medical

24. Tara’s grandmother, who uses a walker, is moving into a smaller apartment to make home maintenance easier for her. Which housing want or need should she consider when selecting housing?

A. Cost of utilities

B. Freedom to decorate as she wishes

C. Space to entertain friends

D. Whether there are steps inside and outside

25. The Smiths have two small, school-age children and need room for them to play outside safely. Which type of housing would **BEST** match his housing wants and needs?

A. A condominium in a retirement development

B. A manufactured home on a large lot

C. A townhouse with two or three stories

D. An apartment in a large complex

26. The Bartons are a busy, dual-career family with three young children. They decided to rent a home for a two-year stay in a new town. Which advantage of renting is this?

A. Fewer tax benefits

B. Greater mobility

C. Less authority to make changes

D. No equity building up

27. The Nortons asked how many parking spaces they were allotted before they signed a lease to rent.Which thing to inspect in rental units is this?

A. Common areas

B. Exterior

C. Inside the unit

D. Utilities and systems

28. Before signing, Lawrence read carefully when rent was due, the amount of penalty for late payment,and all of the conditions of renting the apartment. What type of document is this?

A. Lease agreement

B. Lease waiver

C. Rental application

D. Security deposit

29. The young couple enrolled their child in a quality day care, but their house payment is so high, they have only a little extra money to work with. Which disadvantage of buying is this?

A. Complications of joint buying

B. Greater costs and financial responsibilities

C. Greater financial risk

D. Less mobility

30. The Nasons met with the banker, home-owner, and realtor to pay all costs, sign documents, and obtain ownership. Which step in purchasing a home is this?

A. Find an appropriate home to meet your needs

B. Make an offer

C. Reach an agreement

D. Attend the closing

31. The Nelsons put $4,000 in a special bank account to be held in trust until time to pay taxes and insurance for their new home. Which cost of buying a home is this?

A. Closing costs

B. Down payment

C. Escrow account

D. Monthly loan payment

32. Cal Vance, who served twenty years of military duty, obtained a loan to buy a new home with no down payment required. Which type of mortgage or special loan is this?

A. Adjustable rate mortgage

B. Conventional fixed rate mortgage

C. FHA loan

D. VA loan

33. Mark must pay $500 in approved medical expenses before his insurance policy will make any payments. Which feature of health insurance is this?

A. coverage

B. deductible

C. exclusion

D. preauthorization

34. Angela’s employer announced a new health insurance plan that requires all medical services be arranged through a primary care physician. Which type of health insurance program is this?

A. Health Management Organization (HMO)

B. Health Savings Account (HSA)

C. Point of Service (POS)

D. Preferred Provider Organization (PPO)

35. Susan is 22, single, and living on her own. She hopes to marry and have children someday. Term insurance has which advantage?

A. cash value

B. convertible

C. low cost

D. permanent

36. Alex has insurance that will cover the three months of nursing home care he will need after his automobile accident. Which type of insurance is this?

A. disability

B. long term care

C. major medical

D. medigap

37. Which is **MOST LIKELY** purchased using a regular charge account?

A. Buying a new gas range for the kitchen

B. Buying new furniture for a bedroom

C. Paying for electrical power for the past month

D. Shopping for clothes in a retail department store

38. Which is an example of unsecured credit?

A. The borrower had to use his home ownership as collateral to buy the office building.

B. The borrower had could not get a loan because his credit ratings were poor.

C. The lender asked the borrower to find a person to cosign the loan.

D. The lender did not require collateral because the borrower had good credit reports.

39. Writing a check from an account when there are not enough funds to cover it can reflect poorly on one’s:

A. capacity.

B. capital.

C. character.

D. conditions.

40. Diner’s Club is an example of:

A. collection agencies.

B. consumer advocates.

C. credit card companies.

D. travel and entertainment cards.

41. Which is an example of a sub-prime, or non-preferred, lender?

A. Ellen obtained a payday loan by guaranteeing the loan with a personal check.

B. Frank secured a cash advance from his credit card company.

C. Greg obtained a loan from the credit union to repair his back porch.

D. Hannah borrowed money from a savings and loan association to buy land.

42. Before he signed the loan agreement, Jerry read the fine print and noticed that the agreement called for a balloon payment to retire the loan. What should he do?

A. Ask the lender to promise he will not expect this large payment at the end

B. Find out the amount of payment and what would happen if he were unable to pay

C. Go ahead and sign the agreement since a balloon payment is not a concern

D. Sign the agreement, then ask the lender to explain what a balloon payment is

43. Which is a sign of debt problems?

A. Mr. West opened a new credit account when he reached his limit on other accounts

B. Mrs. Young never uses her credit card to pay her monthly bills

C. Ms. Addison pays all of her bills on time each month

D. Ms. Dennis contacted Experian to obtain a copy of her credit report

44. Which is a strategy for getting out of debt?

A. Sean made an appointment with a credit counselor

B. Teresa reached the credit limit on her credit card

C. Vince moved to a new town to try to escape his creditors

D. Wanda uses her credit cards to pay her monthly bills

45. Rosie decided she had no choice but to file Chapter 13 bankruptcy. What can you conclude?

A. She did not have to have a plan for repayment

B. She did not have to take a personal finance course

C. She was able to keep most of her personal property

D. She was not required to have credit counseling

46. While Michael was sleeping, his friend used his credit card number to make online purchases. This illustrates:

A. direct deposits and withdrawals.

B. fraud.

C. online banking.

D. pay-by-phone transfers.

47. Thieves in another state withdrew all the money from Cynthia’s account. What financial transaction was **MOST LIKELY** used?

A. Electronic funds transfer

B. Direct deposit and withdrawal

C. Pay-by-phone transfer

D. Point-of-sale transfer

48. When Sharon read the website’s privacy policy, she found that it advised visitors to notify the store to “opt out” if they did not want their personal information shared. What could she conclude? Not “opting out” would:

A. mean their information would be sold to other businesses.

B. prevent having cookies placed in their browsers.

C. require them to carry a credit card in their wallets.

D. require them to print their Social Security number on checks.

50.Which is an example of sensitive personal information typically found on financial statements?

A. Internet service provider’s number

B. Stop payment requests

C. Your cell phone number

D. Your Social Security number

51. Scott warned his younger brother not to post a photo of his credit card on Facebook. What form of identity theft is he seeking to avoid?

A. Obtaining personal information from one’s home

B. Obtaining personal information submitted on the Internet

C. Using card readers to swipe a card and capture the card number

D. Using technology to capture credit card number from magnetic strip

52. Identity thieves **MOST LIKELY** would use stolen credit cards, payroll, or tax information to:

A. obtain jobs.

B. pose as representatives of banks.

C. post personal information on the internet.

D. write checks on the account.

53. Which is a way to protect sensitive personal information?

A. Asking companies not to use your Social Security number

B. Making financial transactions on an insecure site

C. Printing your Social Security number on your checks

D. Sharing your passwords with friends

54. Anthony wants to make it difficult for someone to steal his identity. What should he do?

A. Avoid mailing letters and packages at a U. S. Post Office

B. Get a new Social Security number every year

C. Never use cash to make purchases

D. Tear or shred documents containing personal information before throwing them away

55. Which illustrates a benefit of advertising---that it helps save time?

A. Becoming frustrated by the number of commercials when watching a favorite TV movie

B. Having read magazine ads closely, and knowing exactly which motorcycle to buy

C. Hearing the health and safety features of a product

D. Using advertising sponsorships to pay the costs of publishing the school newspaper

56. Which illustrates a consumer responding to a clearance sale as an advertising and sales method?

A. Buying three new bathing suits at the end-of-summer sale

B. Buying notebooks and backpacks at the back-to-school sale

C. Selecting cards and candy for family and friends for Valentine’s Day

D. Selecting new sheets and towels for the guest room at a January white sale

57. Which is an example of hidden fears advertising?

A. In the commercial, the subject wearing the advertised makeup took a lead role in the group.

B. The ad read: “Use the latest and greatest, the best of the best, use *On Cue* deodorant.”

C. The designer clothing ad showed a slim, attractive young woman wearing a designer outfit.

D. The spokesperson said: “No bad breath, no cold shoulders; stay fresh with *Fresh* mints.”

58. Which is an example of a loss leader?

A. A store advertising computers for $600 and selling newer upgrades at the same price

B. Asking for a camera at the special sale price, then having to pay extra for basic features

C. Asking for the advertised free gift and being told he/she must buy something to qualify

D. Buying groceries at Super-Food because they advertised sodas for half price

59. How are saving and investing different?

A. The main focus of saving is earning interest, but earning interest is not a focus of investing.

B. The main purpose of saving is to have money on hand when needs come up, but investing is to earn profit.

C. The interest earnings from investments are usually fixed, while earnings from savings are more changeable.

D. When money is invested, it is easier to take out than when put into savings.

60. Avery is self-employed and does seasonal work, so there are times when he cannot pay all his bills and still set aside money for savings. This is an example of which reason individuals fail to save?

A. Depending too much on credit

B. Depending too heavily on his insurance

C. Inability to pay current expenses

D. Not being aware of what major future purchases will cost

61. Sheila earns $200 a week. She spends $140 on school expenses, puts $40 in her piggy bank, and uses $20 toward the purchase of bonds. Which rule of saving and investing does this **BEST** illustrate?

A. “Pay yourself first” Rule of Saving

B. Rule of 70-20-10

C. Rule of 72

D. Saving and Investing Rule

62. Kyle bought preferred blue chip stocks and his sister Kitty bought common growth stocks. Which statement about Kyle and Kitty is **TRUE**?

A. Kitty is taking a greater risk than Kyle.

B. Kitty will receive a fixed dividend each month; Kyle will not.

C. Kyle’s investment would more likely be lost if the company were to have financial difficulties.

D. Kyle probably paid less for his shares of stock than Kitty.

63. Calvin wants to invest his money in a way that he will not be tempted to withdraw and spend it. Which would **MOST LIKELY** be the best option for Calvin?

A. Certificate of deposit

B. Money market account

C. Piggy bank

D. Savings account

64. Matt wants to find out if he can live within his means during a typical month. He needs to prepare a(n):

A. balance sheet.

B. income and expense statement.

C. savings plan.

D. spending plan.

65. After Celia started using a spending plan, she found she was less likely to have to ask her parents for advances on her allowance. Which benefit of financial planning is this?

A. Being financially independent

B. Increased sense of security

C. Less worrying about money

D. Living within one’s means

66. Kris spends $300 a month on designer clothes. She should list this on her balance sheet as a(n):

A. asset.

B. balance sheet.

C. liability.

D. net worth.

67. Chris entered the amount of income and expenses he expected to have in his spending plan

spreadsheet for the current month. What step in the spending plan process should Chris do **NEXT**?

A. Evaluate how well the spending plan worked

B. Implement the spending plan

C. Organize a recordkeeping format

D. Set smart financial goals

68. Jane recorded $200 in total actual income and $300 total actual expenses in July. What is Jane’s net gain or net loss for July?

A. Net gain of $100

B. Net gain of $500

C. Net loss of $100

D. Net loss of $500

69. In December, Barb spent $200 on gifts, withdrew $300 from her savings account, gave her mom $250 to help with household expenses, spent $125 for new winter clothes, and earned $350 in wages and tips. What are Barb’s total expenses for the month?

A. $575

B. $675

C. $875

D. $1,225

70. A blue chip has more risk than a growth chip?

A. True

B. False

71. A common stock has a fixed dividend.

A. True

B. False