

FINANACIAL LITERACY COMPREHENSIVE EXAM

NAME: _____

PERIOD/ CLASS: _____

DATE: _____

QUIZ SCORE: _____

Answer each question correctly.

ACCOUNTS

1. The FDIC insures a bank account against loss (if a bank fails) up to what amount?
 - a. \$100,000 per individual account in the same bank
 - b. \$100,000 per individual
 - c. \$250,000 per individual**
 - d. \$250,000 on joint checking accounts
2. For security purposes, what information is okay to be printed on your checks?
 - a. Social security number
 - b. Date of birth
 - c. Checking account number**
 - d. Telephone number
3. When using your checking account, when should you record the transaction in the check register?
 - a. Immediately**
 - b. At the end of the day, then record all for that day
 - c. Only when you use your debit card
 - d. Monthly, when you get your bank statement
4. The purpose of a savings account is to accumulate money for emergencies and what?
 - a. Short-term needs**
 - b. Retirement
 - c. To avoid writing checks
 - d. Recreational activities



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5. Why are CDs not a good bank account to use for emergencies?
- a. It is too easy to withdraw money
 - b. They offer a higher interest rate than a savings account
 - c. The money cannot be used before maturity without a penalty**
 - d. You have to get permission from the bank to use the money

CHECKING

6. What area in a check register is used to help you record the type of transaction?
- a. Description of Transaction
 - b. Payment
 - c. Code**
 - d. Both a and b
7. What is the definition of a cleared check?
- a. You no longer have to pay the check
 - b. It has been paid by the bank**
 - c. The check is no longer valid
 - d. An error was made on the check
8. Which is the first action you should take to balance your checkbook?
- a. Total the outstanding checks
 - b. List all outstanding checks on a balancing form or bank statement**
 - c. Enter interest earned
 - d. Check for math errors

CREDIT

9. What are the two types of credit card interest?
- a. Variable and Fixed**
 - b. Variable and Adjustable
 - c. Fixed and Allocated
 - d. Allocated and Adjustable



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10. Which one of the following is not one of the 4C's of Credit?
- a. Character
 - b. Capital
 - c. Collection**
 - d. Collateral
11. What type of credit can be used up to a certain limit or paid down at any time?
- a. Revolving**
 - b. Pre-Approved
 - c. Installment
 - d. Secured
12. What is one simple action you can take to get a reduced interest rate on a credit card?
- a. Refuse to pay your bill
 - b. Declare bankruptcy
 - c. Call the credit card company to reduce your rate**
 - d. Pay off the minimum amount every month
13. What are some actions you can take to build a solid credit history?
- a. Avoid bouncing checks
 - b. Pay bills before the due date
 - c. Limit the number of open accounts
 - d. Avoid running credit cards balances up to the maximum credit limit
 - e. All of the above**

LOANS

14. What is the key to getting loans approved?
- a. Having large amounts of cash available
 - b. Good credit score**
 - c. Good credit references
 - d. Willingness to pay higher interest rates



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15. What is an advantage of a fixed rate, 30-year mortgage?
- a. **Smaller monthly payments than a 15 year mortgage**
 - b. Larger down payment
 - c. Total interest paid at the end of the term is larger
 - d. Interest rate will fluctuate over the life of the loan
16. Payments can include PITI, which stands for:
- a. Payment, Interest, Taxes, and Indemnity
 - b. **Principal, Interest, Taxes, and Insurance**
 - c. Principal, Indemnity, and Tax Interest
 - d. Payment, Insurance, and Tax Interest
17. The term ARM is an abbreviation for:
- a. Advance Rate Mortgage
 - b. Amount Remaining Monthly
 - c. **Adjustable Rate Mortgage**
 - d. Adjusted Realtors Means
18. What is one of the most important components of a car deal?
- a. **Financing**
 - b. Horsepower
 - c. Low mileage
 - d. Gas mileage and condition
19. All students are eligible for a subsidized Stafford Loan.
- a. True
 - b. **False**

RIGHTS AND RESPONSIBILITIES

21. A contract allowing the occupancy or use of a property for a specified period in exchange for an agreed rent is called a:
- a. Disclosure
 - b. **Lease**
 - c. Renter's contract
 - d. License
 - e. None of these



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22. In buildings and facilities specifically designed for older persons, it is legal to discriminate against families who have children under 18.
- a. **True**
 - b. False
23. A person who occupies a property temporarily while paying rent is referred to as a:
- a. Landlord
 - b. Homesteader
 - c. **Tenant**
 - d. Migrant
 - e. None of these
24. A renter should:
- a. Maintain a signed copy of the rental agreement
 - b. Pay rent on time without being reminded
 - c. Only make minor adjustments which does not alter the physical property of their residence
 - d. Give ample notice before moving out
 - e. **All of the above**
25. Landlords may NOT take the following action(s) on the basis of race, color, religion, or national origin:
- a. Refuse to rent housing
 - b. Refuse to negotiate for housing
 - c. Set different terms, conditions, or privileges for rental of a dwelling
 - d. Falsely deny that housing is available for inspection or rental
 - e. **All of the above**
26. If security devices are installed in accordance with local regulations, and a burglar breaks in and steals a renter's property, the landlord is at fault.
- a. True
 - b. **False**



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27. Landlords may have access to the rental property in which of the following situations:
- a. If requested by credit agencies
 - b. If requested by local businesses
 - c. In case of a emergency**
 - d. Whenever they feel like it, without notice

BUYING

28. What statement is true about the difference between renting and buying?
- a. You're putting payments back into the ownership of the property
 - b. Your responsibilities remain the same in both cases
 - c. If you can afford to rent, then you can afford to buy
 - d. Destination of the payment**

29. The event of the final signing of mortgage documents is called what?
- a. Panicking
 - b. Amortization
 - c. Escrow
 - d. Closing**

30. Which of the following is an advantage to buying a home?
- a. Changing costs
 - b. Tax Advantages**
 - c. Fixed costs
 - d. No flexibility in decorating

31. The first step in buying a home is to decide what you want in the home.
- a. True
 - b. False**

32. What factors do you need to consider when deciding how much home you can afford?
- a. Your needs
 - b. Your monthly expenses
 - c. The amount of debt you have
 - d. Loan term
 - e. All of the above**



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STOCKS AND INVESTMENT

33. If an investor is interested in owning shares in a company, they would spending month if the company's
- a. Bonds
 - b. Treasury Notes
 - c. Stocks**
 - d. Commodities
34. The entity set up to regulate the securities market and protect investors
- a. FCC
 - b. FBI
 - c. Bureau of Investors
 - d. SEC**
 - e. None of the above
35. Investing in stocks guarantees you will make a profit.
- a. True
 - b. False**
36. Investment in bonds has the potential for greater returns in exchange for greater risk.
- a. True
 - b. False**
37. Why does investing in stocks normally offer a higher return?
- a. It is a fixed investment
 - b. It has a higher potential growth**
 - c. It is an insured investment
 - d. It is not diversified
38. Which of the following is the easiest way to purchase a bond?
- a. Off the stock market
 - b. Online
 - c. Directly from the Federal Reserve**
 - d. Through a newspaper listing



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39. An investment company that acquires money from many individual investors and invests in many types of investment vehicles is a
- a. Stock
 - b. Gold Share
 - c. **Mutual Fund**
 - d. Commodity Exchange
40. Mutual Funds are characterized by which of the following:
- a. Size
 - b. Investment Style
 - c. Market
 - d. **All of the above**
41. Which of the following statement is true about the advantage of buying mutual funds?
- a. They contain a large portion of cash in their portfolio
 - b. Mutual funds are guaranteed against loss
 - c. They are complicated to purchase, so day traders avoid them
 - d. **They provide diversification and asset allocation to the investor**
42. What are the two main investing styles for mutual funds?
- a. small or large cap
 - b. income or balanced
 - c. **growth or value**
 - d. domestic or foreign
43. Concerning investing in general, which of the following statements is true?
- a. There is no risk involved
 - b. **You can minimize your risk through research and diversification**
 - c. There are get rich quick schemes and guaranteed returns
 - d. Historical data shows savings will yield more money than investing

RETIREMENT

44. Which of the following is not a type of retirement account?
- a. Traditional IRA
 - b. 401(k) Account
 - c. Simplified Employee Pension (SEP)
 - d. **403(c)**



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45. At what age do most tax-qualified retirement accounts allow withdrawal of funds without penalty?
- a. **59 ½**
 - b. 65
 - c. 70 ½
 - d. 72
46. When it is a tax-qualified retirement plans the earnings are not taxed during the period of time the account is growing.
- a. **True**
 - b. False
47. Which of the following is true about the Roth IRA?
- a. Contributions are not taxable
 - b. **Contributions may be made at any age, as long as they are from earned income**
 - c. Withdrawals must start by April 1 of the year following age 70 ½
48. What entity or person sets up a Simplified Employee Pension Plan?
- a. The government
 - b. **Your employer**
 - c. Your clients
 - d. Yourself
49. Which of the following types of investments would not normally be part of an Individual Retirement Account?
- a. Bank CDs
 - b. Stocks
 - c. **Acreage**
 - d. Mutual Funds



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50. An annuity is a combination of an investment account and an insurance product. All of the following are false, except:
- a. It is designed only to provide income for a set number of years
 - b. Capital gains are not taxed when they are withdrawn
 - c. A deferred annuity requires payments now for income later**
 - d. Funds from an annuity may be withdrawn at any time without penalty

INSURANCE

51. Which of the following would NOT be a type of insurance?
- a. Automobile
 - b. Mutual fund investing insurance**
 - c. Flood
 - d. Homeowner's
 - e. Workers Compensation
52. A contract that is attached to an insurance policy that provides additional insurance or benefits is called what?
- a. An indemnification agreement
 - b. Temporary insurance
 - c. A rider**
 - d. Flood insurance
53. What is the first step to choosing a health plan?
- a. Identify the levels of coverage needed and/or wanted**
 - b. Determine you co-pay amount and deductible
 - c. Get yourself into the best physical health possible
 - d. Determine whether you can even get coverage
54. What factors will NOT affect auto insurance rates?
- a. DWI arrests
 - b. Where you live
 - c. The kind of car you drive
 - d. Your height and weight**
 - e. Your driving record



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55. What are the two types of homeowner's insurance?
- a. Cash value and flood
 - b. Replacement and fire
 - c. Cash value and replacement**
 - d. Flood and fire

ENTREPRENEUR

56. What are two of the major components that make up a business plan?
- a. Marketing and Payroll Records
 - b. Marketing and Finances**
 - c. Finances and Credit Terms
 - d. Description of the Business and Sales Income
57. What are sources for you to consider for financing your business?
- a. Personal Financing
 - b. Friends and Relatives
 - c. Bank and Credit Unions
 - d. All of the above**
58. Utilities and administrative costs are considered variable expenses.
- a. True**
 - b. False
59. The acquisition of funds by borrowing is called what?
- a. Debt Financing**
 - b. Equity Financing
 - c. Personal Financing
 - d. Loan Financing

BANKRUPTCY

60. How long does a bankruptcy stay on your credit report?
- a. 3 years
 - b. 5 years
 - c. 7 years
 - d. 10 years**



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61. Which of the following is NOT a common mistake when filing for bankruptcy?
- a. Running up debt through credit cards
 - b. Ignoring pending lawsuits
 - c. Withholding money owed to friends and family**
 - d. Transferring property out of your name
62. Which of the following is NOT an advantage of filing bankruptcy?
- a. A fresh financial start
 - b. You may be able to keep some assets
 - c. The stopping of collection efforts
 - d. You may be able keep all leased items**
63. How often can you receive a Chapter 7 discharge?
- a. Once every 6 years
 - b. Once every 7 years
 - c. Once every 8 years**
 - d. Once every 10 years
64. All student loans are disqualified for Chapter 7 discharge.
- a. True**
 - b. False
65. Which of the following can normally be discharged?
- a. Medical bills
 - b. Credit card debt
 - c. Payday loans
 - d. All of the above**
 - e. None of the above
66. What is the centerpiece of a Chapter 13 bankruptcy?
- a. Discharge of all debts
 - b. Protection for a co-signer
 - c. Student loans are wiped clean
 - d. Repayment plan**



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67. If your income exceeds your state's median income, you will not qualify to file Chapter 7 bankruptcy.

- a. **True**
- b. False

68. Who will get notified of a bankruptcy?

- a. Creditors
- b. Bankruptcy court
- c. IRS
- d. **All of the above**

GIVING

69. Why should you keep records of your donations?

- a. To claim a deduction at thrift stores
- b. **The IRS requires taxpayers to show proof of any charitable donations**
- c. The SEC requires proof for any charitable donations
- d. To claim a deduction on all household items

70. What guidance authorizes tax exemption status for organizations?

- a. An organization's bylaws and articles of incorporation
- b. State and local government policy
- c. **Internal Revenue Code**
- d. The CCA, Charitable Contributions Act

71. Who of the following is NOT an example of a well-known charity?

- a. United Way of America
- b. Salvation Army
- c. Boy Scouts of America
- d. **Policeman's Fund**

72. Why is planned giving a great option when giving to charities?

- a. Gives donors more income to donate upon their death
- b. Reduced a donor's income tax
- c. The program is a adaptable to each donor's needs
- d. **All of the above**



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73. The IRS requires that you obtain a receipt for all tax-deductible contributions of what amount?
- a. \$50 or less
 - b. \$100 or more
 - c. \$250 or more
 - d. All cash donations**
74. What is a good rule of thumb when donating money to a charity?
- a. Pay in cash
 - b. Always write a check**
 - c. Write a check only to the individual who runs the charity
 - d. Send a contribution to a P.O. Box
75. What are the three basic ways to give to a charity?
- a. Volunteer time, donate goods, and donate money.**
 - b. Donate money, become a speaker for the organization, solicit donations
 - c. Solicit donations, donate blood, and donate goods
 - d. None of the above

SCORE	
Number Correct	
Number Incorrect	

