

Contestant Number: _____

Time: _____

Rank: _____

PERSONAL FINANCIAL MANAGEMENT (192)

REGIONAL – 2020

Multiple Choice:

30 @ 2 points each _____ (60 points)

Short Answer:

14 @ 4 points each _____ (56 points)

TOTAL POINTS _____ (***116 points***)

Failure to adhere to any of the following rules will result in disqualification:

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.**
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.**
- 3. Electronic devices will be monitored according to ACT standards.**

No more than 60 minutes testing time

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GENERAL INSTRUCTIONS

The number of decimal places used in calculations and in the reporting of your answers is very important. Below are guidelines to use as you take this test. If a problem varies from these guidelines, it will be noted in the problem.

PERCENTAGE PROBLEMS

- Round to the nearest tenth when working with percentages.

Example: Use 2.3% NOT 2%

Example: An answer of .9638 should be written as 96.4%

INTEREST

- All interest rates are stated in one-year simple interest, *unless otherwise noted*.
- Interest is to be calculated on 360 days.

DOLLAR AMOUNTS

- All dollar amounts must be rounded to the second place (nearest cent).

Example: \$35.9765 to \$35.98

Multiple Choice: Choose the best answer for each of the following and record your answer on the Scantron form provided.

1. Which tax form is no longer used beginning in tax year 2018, with the passage of the new Tax Cuts and Jobs Act?
 - a. Form W2
 - b. Form 1040
 - c. Form 1040EZ
 - d. Form 1099

2. The maturity value of a 90-day, 4.5%, \$800 loan is
 - a. \$ 9.00.
 - b. \$ 36.00.
 - c. \$809.00.
 - d. \$836.00.

3. This government agency oversees the stock market.
 - a. Securities and Exchange Commission
 - b. Federal Reserve
 - c. Department of the Treasury
 - d. Internal Revenue Service

4. Typical retirement accounts include all of the following *except*
 - a. Roth IRA
 - b. 401 (b)
 - c. 457 (b)
 - d. CD

5. A _____ is an amount of money the insured must pay at the time of the health care service provided.
 - a. co-pay
 - b. premium
 - c. deductible
 - d. out-of-pocket max

6. The rule of 72 says that an investment earning 8% annually will double in value in approximately
 - a. 4.0 years.
 - b. 7.2 years.
 - c. 9.0 years.
 - d. 57.6 years.

7. What type of insurance covers damage to the other car when you cause an accident?
 - a. Comprehensive
 - b. Uninsured Motorist
 - c. Collision
 - d. Liability

8. You purchase 40 shares of SCS Corp. stock @ \$148.90 through a broker that charges a 2% commission. What is the total cost to you?
 - a. \$5,836.88
 - b. \$5,956.00
 - c. \$5,958.00
 - d. \$6,075.12

9. The three “C’s” of credit include all of the following except
 - a. Capacity
 - b. Contract
 - c. Character
 - d. Capital

10. What is the maturity date on a 90-day promissory note signed September 17th?
 - a. December 15th
 - b. December 16th
 - c. December 17th
 - d. December 18th

11. What agency oversees Federal Income tax?
 - a. IRS
 - b. SEC
 - c. FBI
 - d. FDIC

12. Deductions from your paycheck include all of the following *except*
 - a. sales tax.
 - b. stock purchase plans.
 - c. Social Security tax.
 - d. income tax.

13. In general, at what age may you begin to withdraw money from your 401 (k) account without penalty?
 - a. 55
 - b. 59 ½
 - c. 65
 - d. 70 ½

14. Principal x Rate x Time is the formula used for what calculation?
- Simple Interest
 - Compound Interest
 - Payment Amount
 - Maturity Value
15. The idea of investing into different types of securities is known as
- risk.
 - converting.
 - diversifying.
 - online trading.
16. Ownership in a corporation is shown by
- bonds.
 - stocks.
 - income tax.
 - pensions.
17. The FDIC will protect your money deposited into a bank account up to
- \$100,000
 - \$150,000
 - \$200,000
 - \$250,000
18. You invest \$4,500 into a 6-month Certificate of Deposit, paying 3.2% simple interest. How much interest will you earn?
- \$ 72.00
 - \$ 144.00
 - \$4,572.00
 - \$4,644.00
19. Renter's insurance will typically cover the cost of
- the contents of the apartment.
 - your apartment.
 - your vehicle.
 - your transportation.
20. Which of the following cannot be claimed as dependents on a tax return?
- 17-year old high school part-time worker
 - 18-year old high school dropout living on his own working full-time
 - 20-year old full-time college student living in a dorm
 - 21-year old married full-time college student, living with parents

21. Federal Income Tax returns must be filed in most years by
 - a. January 31st
 - b. March 31st
 - c. April 15th
 - d. April 30th

22. Your credit score would be negatively impacted by
 - a. paying your credit card bill early and in full.
 - b. remaining in your part-time job all four years of college.
 - c. applying for two additional credit cards to be used as backup.
 - d. selling your car and retiring the debt on it.

23. According to most experts when is the time a budget is no longer needed?
 - a. When you change jobs and receive a substantial increase in pay.
 - b. When your kids move out of the house.
 - c. When you retire.
 - d. A budget is recommended for your entire adult life.

24. In Chapter 7 bankruptcy cases, information on a personal credit report stays on file for
 - a. 5 years.
 - b. 10 years.
 - c. 15 years.
 - d. your entire life.

25. Which retirement account typically offers the advantage of employer match?
 - a. IRA
 - b. Roth IRA
 - c. Pension
 - d. 401 (k)

26. The type of stock that gives priority status to dividends is
 - a. preferred.
 - b. treasury.
 - c. common.
 - d. buyback.

27. Which is the best credit score?
 - a. 200
 - b. 550
 - c. 700
 - d. 950

28. Who would typically pay a higher premium on their car insurance?
- Middle-age female
 - Middle-aged male
 - Young adult female
 - Young adult male
29. How old must you be to have a credit card in your name without showing proof of independent income or having a co-signer?
- 16
 - 18
 - 21
 - 25
30. The credit limit on your bank credit card
- is the maximum outstanding balance on your credit card you are allowed to have at any point in time.
 - is the point at which a higher interest rate on purchases goes into effect.
 - defines the amount of money you can borrow as a cash advance against your credit card.
 - is the highest amount of a single purchase you can make on your credit card.

Short Answer – Place each answer in the space provided.

1. Sarah Cantrell receives semi-monthly pay of \$1,650, net of taxes and deductions. Her monthly budget includes the following expenses:

Rent - \$700
Utilities - \$300
College Loan - \$85
Auto Loan - \$300
Gas - \$120
Food - \$525
Insurance - \$200

Sarah's monthly budget includes a goal of investing 25% of her discretionary income into stocks, and 10% of her discretionary income into an IRA.

- What is Sarah's monthly discretionary income? _____
- What is Sarah's investment each month into stocks? _____
- What is Sarah's monthly IRA deposit? _____
- If Sarah has a goal of saving \$400 each month, will she achieve it? _____

2. Sergio Sanchez has auto insurance that includes coverage for liability, both property and medical, and comprehensive, but not collision. The deductible on his policy is \$500. Sergio has an accident with another car that is determined to be his fault. Damage to his car is estimated at \$200, and damage to the other car is estimated at \$825.
- How much will Sergio's insurance pay for the accident? _____
 - How much will Sergio have to pay for the accident? _____
 - If the accident had been the other driver's fault, how much would Sergio have to pay for the accident? _____
3. Rodney Smith owns a small business that is currently short on money. Rodney's business is a lawn care company that does most of its business in the spring and summer months of the year. Therefore, he is applying for a short-term loan in the amount of \$10,315, at a rate of 5%, for 90 days. His loan is approved by the bank on November 28th, 2019.
- What is the amount of interest Rodney will pay? _____
 - On what date will Rodney have to pay back the loan? _____
 - What is the maturity value of the loan? _____
4. On March 8th, 2019 Alexis McNamara bought 200 shares of Precision Industries Corp stock @ \$31.42. Alexis used an online account that charged a fee of \$15 per trade under \$5,000, and \$20 per trade of at least \$5,000. On December 20th, 2019, the stock is trading @ \$27.16. Precision Industries pays a quarterly dividend each year on January 15, April 15, July 15, and October 15 of \$0.25 per share. Round percentages to the nearest tenth of a percent.
- How much did Alexis spend on just the stock? _____
 - What was the fee charged on the transaction? _____
 - How much has Alexis earned in dividends as of Dec. 20th? _____
 - If Alexis sold her stock on December 20th what would be the percentage return on her investment, ignoring the fees and dividends? _____