

PERSONAL FINANCIAL MANAGEMENT- PILOT (192)

—OPEN EVENT—

REGIONAL – 2015

DO NOT WRITE ON TEST BOOKLET

TOTAL POINTS _____ (500)

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. The types of insurance that most individuals will need in their lives include all **except**:
 - a. Health
 - b. Hurricane
 - c. Auto
 - d. Homeowners

2. You may begin to withdraw money from your 401(k) plan at what age, assuming you have stopped working?
 - a. 59 1/2
 - b. 62
 - c. 65
 - d. 70 1/2

3. _____ is property required by a lender and offered by a borrower as a guarantee of payment on a loan.
 - a. Collateral
 - b. Interest
 - c. Default
 - d. A down payment

4. Credit scores are determined by payment history, the amount of the outstanding debt, the length of your credit history, inquiries on your credit report and the types of credit you are using. The credit score considered the best would be _____.
 - a. 200
 - b. 400
 - c. 600
 - d. 800

5. Which of the following is **not** an advantage of establishing an IRA?
 - a. The growth of an IRA is tax-free until the money is withdrawn from the account.
 - b. The withdrawals from an IRA can be made at any time without penalty.
 - c. The contributions to an IRA may be partially or fully tax-deferred.
 - d. You determine the level of risk and rate of return when you select the IRA.

6. The three common credit score agencies include all of the following *except*:
 - a. Experion
 - b. Transunion
 - c. Better Business Bureau
 - d. Equifax

7. Which of the following is generally considered to be the least risky investment?
 - a. Certificate of Deposit
 - b. Corporate Stock
 - c. Corporate Bond
 - d. Mutual Fund

8. The portion of earnings paid out to the stockholders of a corporation is called _____
 - a. retained earnings.
 - b. net income.
 - c. dividends.
 - d. capital stock

9. If you are involved in an automobile accident and you are at fault, the portion of car insurance known as collision is used to cover the cost of _____
 - a. repairs on the other driver's car.
 - b. repairs on your car.
 - c. medical treatment for the other driver.
 - d. property damage caused by the accident.

10. You may continue to contribute to an IRA account up to the age of:
 - a. 59 1/2
 - b. 62
 - c. 65
 - d. 70 1/2

11. The ideal investment in terms of risk and return would be
 - a. high risk, high return.
 - b. high risk, low return.
 - c. low risk, low return.
 - d. low risk, high return.

12. In bankruptcy cases, information on a personal credit report stays on the file for:
 - a. 5 years
 - b. 10 years
 - c. 15 years
 - d. 20 years

13. You buy 100 shares of a stock on January 23rd @ \$24.57 per share. You sold those same shares on December 6th for \$31.26 per share. What was your percentage gained on the transaction, ignoring fees and commissions?
 - a. 6.7%
 - b. 21.4%
 - c. 27.2%
 - d. 31.3%

14. Your auto insurance policy includes liability and collision coverage with a deductible of \$500. If another driver hits your parked car and causes damage to your car of \$700, and damage to their own car of \$450, what is the amount of money you will pay out of pocket?
- \$ 0
 - \$ 200
 - \$ 650
 - \$1,150
15. What is the formula to calculate simple interest?
- Principal x Rate / Time
 - Principal + Rate x Time
 - Principal + Rate / Time
 - Principal x Rate x Time
16. XYZ Incorporated has 900,000 shares of common stock outstanding. Its earnings for 2013 year were \$2,750,000 and for 2014 were \$2,925,000. What was the EPS for 2014?
- .31
 - .33
 - 3.06
 - 3.25
17. Your take-home pay for the month is \$4,250. Your fixed expenses for the month are \$3,375. Given a monthly savings goal of \$400, how much discretionary spending do you have per month?
- \$ 400
 - \$ 475
 - \$ 875
 - \$3,850
18. What is the name given to the index that uses 30 stocks to represent the thousands of stocks listed on the New York Stock Exchange?
- The Dow Jones Industrial Average
 - The S&P 500
 - The Fortune 500
 - The Nasdaq Composite
19. Which of the following would *not* have a positive impact on your credit score?
- Opening and maintaining a savings account.
 - Paying off a short-term loan on time and in full.
 - Applying for and receiving several credit cards.
 - Buying a television on credit and paying it off when it comes due.

20. When deciding the amount of life insurance coverage you would need, you should consider all of the following items *except*:
- Cost of your funeral arrangements.
 - Expected cost of college for your high school age child.
 - Salary of your single child that recently graduated college.
 - Amount of debt you currently have.
21. This one of the “Cs” of credit refers to an applicant’s assets minus their liabilities.
- Capital
 - Collateral
 - Character
 - Capacity
22. What is the amount of interest you will pay on a 90-day, 7% loan if you borrowed \$1,500, assuming simple interest?
- \$ 25.89
 - \$ 26.25
 - \$105.00
 - \$262.50
23. What is the amount of interest you will pay if you borrowed \$500 for 1 year, at an interest rate of 6% with interest compounded annually?
- \$ 7.50
 - \$30.00
 - \$30.68
 - \$38.18
24. You own 400 shares of Cardinal Inc., whose Board of Directors has just declared a quarterly dividend of .15 per share. How much will you receive when the dividend is paid?
- \$ 15.00
 - \$ 60.00
 - \$120.00
 - \$240.00
25. Investing into different types of securities is known as
- Converting
 - Stockpiling
 - Expanding
 - Diversifying

26. You use a stock broker to purchase 200 shares of Capital Corporation @ \$67.75. Assuming the broker receives a 2% commission, how much money will you pay for your purchase?
- \$13,279
 - \$13,550
 - \$13,821
 - \$16,260
27. Which of the following investments is most likely the riskiest?
- Certificate of Deposit
 - Blue chip stock
 - Internet company IPO
 - Bank Savings Account
28. The government agency that oversees the stock markets is the
- Internal Revenue Service.
 - Treasury Department.
 - Federal Reserve.
 - Securities and Exchange Commission.
29. Most experts agree that retirement planning should begin
- as soon as you begin your career.
 - when you get married.
 - when you begin to accumulate enough wealth to put money away.
 - when you get within 15 years of retirement.
30. The maturity value of a loan is equal to
- Principal - Interest
 - Interest – Principal
 - Principal + Interest
 - Principal x Interest
31. The following service is generally *not* included in most health insurance policies
- Hospital stay
 - X-ray
 - Checkup
 - Cosmetic Surgery
32. According to the Credit Card Act of 2009, what is the earliest age that a person can apply for and receive a credit card, without restriction and without a cosigner, so long as they are financially approved by the credit card company?
- 16
 - 18
 - 21
 - 25

33. IRA stands for
- Individual Retirement Annuity
 - Individual Retirement Account
 - Invested Retirement Annuity
 - Invested Retirement Account
34. Which of the following people would need life insurance the most?
- Married, retired, no kids, no debt
 - Single, recent college grad, working, no kids, college and car loans
 - Married, two kids in grade school, both spouses work, mortgage
 - Single, retired, two kids both on their own with families, car loan
35. Which retirement plan most likely includes company match?
- 401K
 - IRA
 - Roth IRA
 - Mutual Fund
36. Your homeowner's coverage includes a deductible of \$500. If storm damage to your roof is estimated to be \$1,400, how much will your insurance cover?
- \$ 500
 - \$ 900
 - \$1,400
 - \$1,900
37. In the above scenario for question #36, how much will you pay out of your pocket?
- \$ 0
 - \$ 500
 - \$ 900
 - \$1,400
38. The sum paid by a policyholder to keep an insurance policy in force is a
- premium.
 - claim.
 - deductible.
 - co-pay.
39. Ownership in a corporation is shown by
- bonds.
 - employees.
 - revenue.
 - stock.

40. You put \$1,200 in a 6-month Certificate of Deposit paying 4% simple interest. What is the maturity value of your CD?
- a. \$1,200
 - b. \$1,204
 - c. \$1,224
 - d. \$1,248
41. The FDIC protects your money in a savings account up to a maximum of
- a. \$100,000
 - b. \$150,000
 - c. \$200,000
 - d. \$250,000
42. This classification of stock allows you to vote in corporate matters.
- a. Common
 - b. Preferred
 - c. Treasury
 - d. Stock option
43. You purchase 50 shares of Chips Unlimited Inc. for \$87.35 per share. Three months later your shares are now worth \$84.56 per share. How much has your investment value decreased?
- a. \$ 2.79
 - b. \$ 139.50
 - c. \$4,228.00
 - d. \$4,367.50
44. A small, fixed amount required by a health insurer to be paid by the insured for each outpatient visit or drug prescription is known as a
- a. deductible.
 - b. claim.
 - c. co-pay.
 - d. benefit.
45. Identify theft occurs most often through
- a. the Internet.
 - b. an ATM.
 - c. a retail store.
 - d. your friends.
46. A tip to improve your credit score when you are young would be to
- a. only stay in a part-time job for a few months.
 - b. apply for several credit cards.
 - c. open and maintain a checking account.
 - d. pay off a credit card bill no more than two weeks late.

47. To protect the home you own from damages, you need what type of insurance?
- Renter's insurance
 - Homeowner's insurance
 - Collision insurance
 - Life insurance
48. The rule of 72 says that an investment earning 6% annually will double in _____ years.
- 6
 - 10
 - 12
 - 72
49. The two primary stock exchanges in the United States are the
- Dow Jones and NASDAQ
 - Dow Jones and Nikkei
 - Nikkei and New York Stock Exchange
 - New York Stock Exchange and NASDAQ
50. _____ have been eliminated by many companies in recent years as a way to cut costs.
- 401K programs
 - Stock options
 - Pensions
 - Individual retirement accounts