

Contestant Number: _____

Time: _____

Rank: _____

PERSONAL FINANCIAL MANAGEMENT (192)

REGIONAL – 2019

Multiple Choice:

30 @ 2 points each _____ (60 points)

Short Answer:

16 @ 4 points each _____ (64 points)

TOTAL POINTS _____ (***124 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 sixty (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

Identify the letter of the choice that best completes the statement or answers the question.

1. In general, given the same amount of income, who of the following would pay more income taxes?
 - a. Married person with one child
 - b. Married person with no children
 - c. Single person with one child
 - d. Single person with no children

2. _____ is the portion of earnings a corporation pays to its shareholders.
 - a. Retained earnings
 - b. Dividends
 - c. Common stock
 - d. Preferred stock

3. Which index is often referred to as the broad-market index?
 - a. NASDAQ
 - b. Dow Jones
 - c. Russell 2,000
 - d. S&P 500

4. Form W-2 is sent annually to
 - a. employees.
 - b. employers.
 - c. investors.
 - d. members.

5. The calculation to determine interest on a 120-day, 7.5%, \$800 loan is
 - a. $800 \times .075 \times 120$
 - b. $800 \times 7.5 \times 120$
 - c. $800 \times .075 \times 120/360$
 - d. $800 \times 7.5 \times 120/360$

6. _____ are what is owned by an individual or company.
 - a. Liabilities
 - b. Equities
 - c. Supplies
 - d. Assets

7. Which government agency determines interest rates?
 - a. Securities and Exchange Commission
 - b. Federal Reserve
 - c. Occupational Safety and Health Administration
 - d. Internal Revenue Service

8. When do most experts agree it is too late to start budgeting?
 - a. Entering college
 - b. Getting married
 - c. Retiring
 - d. Never

9. Typical retirement accounts include all of the following *except*
 - a. 401 (k)
 - b. 403 (b)
 - c. 503 (b)
 - d. IRA

10. Gross pay minus total deductions equals
 - a. Net pay
 - b. Gross wages
 - c. Discretionary spending
 - d. Secondary spending

11. A _____ is a specified amount of money the insured must pay before the insurance company will pay on a claim.
 - a. deposit
 - b. deductible
 - c. co-pay
 - d. premium

12. A formal plan to track an individual's income and expenditures over a defined period of time to help them generate potential savings is a
 - a. Statement of Equity.
 - b. retirement plan.
 - c. bank account.
 - d. budget.

13. What type of insurance will your employer often provide for and help cover the cost of?
 - a. Renters
 - b. Auto
 - c. Homeowners
 - d. Health

14. The rule of 72 says that an investment earning 4% annually will double in value in approximately
- 4 years
 - 7.2 years
 - 12 years
 - 18 years
15. Which of the following is *most* likely the riskiest investment?
- Blue-chip stock
 - Start-up tech stock
 - Money market
 - Certificate of deposit
16. Most health care policies would *not* cover which of the following services?
- Ankle surgery from a sports-related injury
 - Cosmetic surgery to reduce facial wrinkles
 - Annual wellness doctor visit
 - Hospital stay for kidney dialysis
17. What type of insurance covers damage to your car when you cause the accident?
- Liability
 - Comprehensive
 - Collision
 - Uninsured motorist
18. The most *common* source of identity theft is
- email.
 - the Post Office.
 - a data breach.
 - the Internet.
19. The maturity value of an investment equals the
- Principal – Interest Earned
 - Principal + Interest Earned
 - Principal x Interest Rate
 - Principal / Interest Rate
20. You purchase 110 shares of Cloud Computing Inc. stock @ \$33.58 through a broker that charges a 2% commission. What is your total cost?
- \$3,619.92
 - \$3,693.80
 - \$3,695.80
 - \$3,767.68

21. The tax form employees complete upon employment claiming their number of deductions is
- Form W-4
 - Form W-2
 - Schedule A
 - Form 1040EZ
22. The “C” of credit that reflects how a person has handled debt obligations in the past.
- Character
 - Capacity
 - Capital
 - Collateral
23. The maturity date on a 60-day note payable signed December 16th is
- February 13th
 - February 14th
 - February 15th
 - February 16th
24. Which of the following is *not* a common fee associated with a credit card?
- Early payment fee
 - Late charge fee
 - Annual fee
 - Cash advance fee
25. _____ refers to the maximum amount of credit available to an individual.
- Credit card
 - Credit rate
 - Credit limit
 - Credit score
26. The secondary budget category correlates with a person’s
- wants.
 - needs.
 - savings.
 - essentials.
27. What agency protects your savings in a bank?
- SEC
 - FDIC
 - Fed
 - IRS

28. A(n) _____ is a retirement account available at a bank.
- a. pension
 - b. 401(k)
 - c. IRA
 - d. CD
29. Investing \$1,500 in a 1-year CD paying 2.7% interest will earn you how much in interest?
- a. \$ 3.00
 - b. \$ 4.50
 - c. \$30.00
 - d. \$40.50
30. Deductions from your paycheck include all of the following *except*
- a. Social Security tax.
 - b. unemployment tax.
 - c. 401(k) contributions.
 - d. stock purchase plan contributions.

Short Answer – Place each answer in the space provided.

1. Amaya Cantor graduated with a degree in accounting and took a job with a Big 4 accounting firm, where she will earn \$54,000 annually. Her company will pay her on a biweekly basis. She will have 15% of her income taken out for Federal Income tax, and 6% taken out for state and local taxes. Social Security and Medicare taxes will account for 7.65% of her income. In addition, Amaya would like to take advantage of her company's 401(k) program. She elects to have 5% of her salary invested into the 401(k), which her company will match at a 50% rate.
- a. What is Amaya's Gross Income per pay period? _____
 - b. How much in total taxes will Amaya have deducted each pay period?

 - c. How much will Amaya invest into her 401(k) program over the course of the entire year? _____
 - d. How much will the company give Amaya toward her 401(k) program over the course of the entire year? _____
 - e. What is Amaya's Net Pay each biweekly pay period? _____

2. Kendall and Bailey Summers are looking at buying a new car. Together their monthly salary totals \$8,220, and their monthly expenses right now total \$6,950. The Summers' goal is to save \$300 each pay period. Both get paid semi-monthly. The new car they are wanting to buy will add 8% to their monthly expense amount.
- How much discretionary income do the Summers currently have each month?

 - If they purchase the new car, what will be their new amount of monthly expenses? _____
 - Will the Summers be able to meet their savings goal if they buy the new car?

3. Treshawn Winters needs some money for his landscaping business in order to purchase mulch for the upcoming spring season. On January 7th He signs a 90-day, 7% promissory note with his local bank to borrow \$5,000.
- How much money will Treshawn receive when he signs the note? _____
 - On what date must Treshawn pay back the loan? _____
 - What will be the total interest paid on the loan? _____
 - How much will Treshawn pay back on the maturity date? _____
4. Casey Simpson created an online investment account to buy and sell stocks. The account charges a fee of \$10 for every transaction up to \$1,000, \$20 for every transaction with a cost over \$1,000 and up to \$5,000, and \$30 for every transaction over \$5,000 and up to \$10,000.

Casey made three transactions in her first month of opening the account. On March 3 she bought 50 shares of Symstead Corp @ \$83.45. On March 16 Casey bought 40 shares of Renegade Inc @ \$128.75. Casey sold her 50 shares of Symstead Corp @ \$88.91 on March 31.

- How much did Casey spend for the stock purchase on March 3, including the transaction fee? _____
- How much did Casey spend for the stock purchase on March 16, including the transaction fee? _____
- What was the total in transaction fees Casey paid during the month of March?

- Ignoring the broker's fees, what was the dollar gain that Casey realized on her buy and sell of Symstead Corp? _____