

Overview

This event recognizes students who possess essential knowledge and skills related to financial issues, can analyze the rights and responsibilities of consumers, and apply knowledge to financial situations.

Competencies

The topics listed below are prioritized, listing the most important content areas of the tests.

- Financial principles related to personal decision making
- Earning a living (income, taxes)
- Managing budgets and finance
- Saving and investing
- Buying goods and services
- Banking, credit, and insurance

Procedures/Tips

- Review the Competitive Events Tips in the front of the book.

Personal Finance Sample Questions

1. The total dollar value of all final goods and services produced in a country during one year is called:
 - a. gross domestic product (GDP)
 - b. consumer price index (CPI)
 - c. per capita income (PCI)
 - d. annual production rate (APR)
2. When interest rates are high, the average consumer will
 - a. save less.
 - b. buy less.
 - c. buy nothing at all.
 - d. not change spending patterns.
3. Personal factors that change your buying patterns include all **except**
 - a. competition.
 - b. employment status.
 - c. lifestyle.
 - d. age.
4. Which one of the following could not be considered income?
 - a. interest paid on a loan
 - b. interest received from a savings account
 - c. winnings from the lottery
 - d. a paycheck
5. An adjustment to the tax withheld from your paycheck, based on your marital status and whether you have dependents, is:
 - a. adjusted gross income
 - b. dependent benefit
 - c. allowance
 - d. exemption
6. A salaried employee is paid:
 - a. only once a month
 - b. the same amount each pay period, regardless of the number of hours worked
 - c. a different amount each pay period, depending on the number of hours worked
 - d. the same as all the other salaried employees
7. A budget provides:
 - a. detailed plans for the financial needs of individuals, families, and businesses
 - b. a form for recording expenses for income tax reporting purposes
 - c. a way to invest money so that it doubles in value
 - d. strict guidelines that cannot be changed so that individuals will not overspend
8. What are the two taxes that make up FICA (Federal Insurance Contributions Act) to fund retirement and disability benefits?
 - a. state income tax and federal income tax
 - b. state income tax and Social Security tax
 - c. sales tax and excise tax
 - d. Social Security tax and Medicare tax
9. Fixed expenses:
 - a. cost the same amount each time
 - b. are for larger amounts than variable expenses
 - c. are ones you don't pay each month
 - d. fluctuate in amount, so you have more control over how much they will be

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10. In a command economy,
 - a. the resources are owned and controlled jointly by the government and the citizens.
 - b. the resources are owned and controlled by the people of the individual country.
 - c. the right of private property controls economic resources.
 - d. the resources are owned and controlled by the government.
 11. The rate that banks make available to their best business customers, such as large corporations, is referred to as the
 - a. prime rate.
 - b. certificate of deposit rate.
 - c. discount rate.
 - d. bond rate.
 12. A budget is a plan to
 - a. increase income.
 - b. matching spending with saving.
 - c. decrease your wants and needs.
 - d. match expected income with expected outflow.
 13. A corporation's net, or after-tax, earnings divided by the number of outstanding shares of common stock is a measurement of a company's performance referred to as:
 - a. price-earnings (PE) ratio
 - b. current yield
 - c. dividend
 - d. earnings per share
 14. An investment in which investors pool their money to buy stocks, bonds or other securities selected by professional managers is
 - a. portfolio investing.
 - b. mutual funds.
 - c. a line of credit.
 - d. IPO investing.
 15. Historically, over long periods of time, performance records indicate that
 - a. growth investments cannot keep up with inflation.
 - b. growth investments have outperformed income investments.
 - c. income investments have outperformed growth investments.
 - d. growth investments and income investments perform at the same general rate.
 16. In the area of investments, yield usually refers to
 - a. a stock's first offering on the exchange.
 - b. a bond's potential return.
 - c. giving in to market trends in investments.
 - d. an investment broker's discount offered to the best clients.
 17. An interest rate that includes compounding is
 - a. annual percentage rate.
 - b. long-term rate.
 - c. annual percentage yield.
 - d. short term-rate.
 18. Municipal bonds have an additional benefit of being
 - a. tax deferred.
 - b. not rated.
 - c. tax exempt.
 - d. convertible.

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19. A portion of the total cost of an item that must be paid at the time of purchase is
 - a. rebate.
 - b. refund.
 - c. real price.
 - d. down payment.
 20. Someone who helps people manage their money through tax and estate planning, pension plans, and investment strategies for a fee is called a
 - a. management trainee.
 - b. financial planner.
 - c. banker.
 - d. financial analyst.
 21. When there is a dispute about a product, the dispute may be settled through a process involving an impartial third party whose decision is legally binding. This process is called:
 - a. mediation
 - b. comparison shopping
 - c. arbitration
 - d. compromise
 22. It is illegal for telemarketers to:
 - a. call after 5 p. m.
 - b. call before 8 a.m. or after 9 p.m.
 - c. call before 12 noon
 - d. call at dinnertime
 23. Billy and Ruth married three months ago. They plan to relocate when Billy finishes his training in 6 months. For now, which of the following housing options would be most the best choice for them?
 - a. lease a car
 - b. buy a house
 - c. rent an apartment
 - d. buy a camper
 24. Generally, a home buyer with a good credit rating can get a mortgage that is _____ times his or her annual income.
 - a. 2.5
 - b. 5
 - c. 3.5
 - d. 2
 25. What is covered under collision automobile insurance?
 - a. damage to all vehicles involved in an accident
 - b. damage to the property (such as a fence or tree) of others
 - c. damage to the other person's vehicle when you are involved in an accident
 - d. damage to your vehicle when it is involved in an accident
 26. The main types of bodily injury insurance coverage are:
 - a. bodily injury liability and collision
 - b. bodily injury liability and no-fault insurance
 - c. bodily injury liability, medical payment, and uninsured motorist's protection
 - d. bodily injury liability and medial payment
 27. An overdraft is a check written
 - a. and signed by more than one person.
 - b. for more money than is currently in the account.
 - c. and signed by someone other than the person on the signature card.
 - d. and dated with a date in the future.

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28. A once-a-year fee charged by many credit card issuers in addition to interest is the
- a. annual fee.
 - b. cash advance fee.
 - c. over-the-limit fee.
 - d. usage fee.
29. Insurance which actually replaces an item that has been destroyed, with no depreciation deducted, is
- a. replacement insurance.
 - b. restrictive insurance.
 - c. depreciation insurance.
 - d. renters insurance.
30. Car insurance premiums will be increased as a result of
- a. driving short distances.
 - b. driving only in rural areas.
 - c. filing claims.
 - d. owning an older car.

Marketing Answer Key

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|-------|-------|-------|
| 1) D | 11) B | 21) B |
| 2) B | 12) D | 22) C |
| 3) C | 13) A | 23) A |
| 4) C | 14) D | 24) A |
| 5) C | 15) A | 25) C |
| 6) C | 16) D | 26) B |
| 7) D | 17) C | 27) D |
| 8) D | 18) A | 28) A |
| 9) D | 19) D | 29) C |
| 10) C | 20) B | 30) A |

Network Design Answer Key

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|-------|-------|-------|
| 1) A | 11) C | 21) D |
| 2) D | 12) A | 22) B |
| 3) D | 13) A | 23) D |
| 4) A | 14) B | 24) B |
| 5) B | 15) A | 25) D |
| 6) D | 16) B | 26) A |
| 7) A | 17) B | 27) C |
| 8) B | 18) A | 28) C |
| 9) A | 19) A | 29) B |
| 10) C | 20) A | 30) B |

Networking Concepts Answer Key

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|-------|-------|-------|
| 1) A | 11) D | 21) B |
| 2) A | 12) A | 22) D |
| 3) D | 13) D | 23) A |
| 4) C | 14) D | 24) C |
| 5) B | 15) B | 25) B |
| 6) D | 16) B | 26) C |
| 7) D | 17) A | 27) C |
| 8) A | 18) A | 28) C |
| 9) C | 19) D | 29) C |
| 10) D | 20) C | 30) B |

Parliamentary Procedure Answer Key

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|-------|-------|-------|
| 1) A | 11) D | 21) A |
| 2) B | 12) B | 22) C |
| 3) D | 13) D | 23) D |
| 4) C | 14) B | 24) B |
| 5) B | 15) A | 25) B |
| 6) D | 16) B | 26) C |
| 7) A | 17) A | 27) C |
| 8) D | 18) C | 28) A |
| 9) C | 19) D | 29) D |
| 10) B | 20) D | 30) D |

Personal Finance Answer Key

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|-------|-------|-------|
| 1) A | 11) A | 21) C |
| 2) B | 12) D | 22) B |
| 3) A | 13) D | 23) C |
| 4) A | 14) B | 24) A |
| 5) C | 15) B | 25) D |
| 6) B | 16) B | 26) C |
| 7) A | 17) C | 27) B |
| 8) D | 18) B | 28) A |
| 9) A | 19) D | 29) A |
| 10) D | 20) B | 30) C |