



Competency-Based
Competitive Events
Written Exam
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Test Number 1257
Booklet Number _____

Personal Financial Literacy Exam

PFL – Personal Financial Literacy Event

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have _____ minutes to complete all questions.

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1. A contract is unenforceable if it
 - A. contains stipulations.
 - B. is unilateral.
 - C. requires collateral.
 - D. violates a statute.
2. Pedro Sanchez works as a loan processor for the MON Company, which is located in Smithville. Pedro has recently approved an application to extend a \$10,000 line of credit to Mrs. Jones. Who is the creditor in this situation?
 - A. Mrs. Jones
 - B. Pedro Sanchez
 - C. MON Company
 - D. City of Smithville
3. An investment scam that involves hyping up small, unheard-of stocks is a(n)
 - A. pump-and-dump scheme.
 - B. affinity fraud scheme.
 - C. Ponzi scheme.
 - D. pyramid scheme.
4. Agencies like the Securities and Exchange Commission (SEC) and the Canadian Securities Administrators (CSA) help protect investors by
 - A. preventing fraudulent activity.
 - B. providing financial advice.
 - C. enforcing workplace safety measures.
 - D. establishing interest rates.
5. Which of the following is an indicator of a pyramid scheme:
 - A. Emphasis on recruiting new participants
 - B. Highly priced, cheaply made products
 - C. Commission payment structure
 - D. Access to confidential information
6. How can you determine if a financial advisor is going to be able to recommend an appropriate, personalized financial plan for you?
 - A. Ask them questions to evaluate their experience.
 - B. Ask to see their professional credentials.
 - C. Look for evidence that they are independently wealthy.
 - D. Evaluate how carefully they listen to your personal goals.
7. What is the most important economic resource?
 - A. People
 - B. Minerals
 - C. Energy
 - D. Equipment
8. Friendship would be considered a(n) _____ want.
 - A. noneconomic
 - B. limited
 - C. unlimited
 - D. economic
9. The act of reducing or removing risks by shifting the risk factor to another person or business is referred to as _____ risk.
 - A. transferring
 - B. retaining
 - C. avoiding
 - D. controlling
10. Consumers' purchasing power usually increases as a result of a decrease in
 - A. inflation.
 - B. employment.
 - C. spending.
 - D. productivity.
11. Michelle wants to take Saturday night off, but her boss wants her to work. Michelle agrees to work because she thinks this might give her more leverage when she asks for time off in a few weeks. What negotiating style is Michelle using?
 - A. Accommodating
 - B. Competitive
 - C. Avoidant
 - D. Combative
12. What is one reason why many people decide to become entrepreneurs?
 - A. Less responsibility
 - B. Long hours
 - C. Less risk
 - D. Flexibility

13. Which of the following is a major cost that every new business startup must plan for:
- A. Expansion costs
 - B. Capital expenditures
 - C. Continuous improvement costs
 - D. Legal battles
14. Which of the following is an economic factor that often affects a small business's level of financial risk:
- A. Demographic changes
 - B. Difficult suppliers
 - C. Interest rate changes
 - D. Market acceptance
15. The disadvantage to paying just the minimum amount due on your credit card each month is that you
- A. defer cash payments.
 - B. establish a credit rating.
 - C. earn quarterly dividends.
 - D. pay interest on purchases.
16. Jamie uses a debit card to pay for her monthly rent. This means that
- A. the money is taken from her account at the end of the billing period.
 - B. she is using future funds to pay for her rent by promising to pay later.
 - C. the money is immediately taken from her bank account each time she pays.
 - D. she is using physical cash to pay for her rent each month.
17. In an ancient society, townspeople used cows to pay for the things they needed. The cows are an example of _____ money.
- A. paper
 - B. representative
 - C. fiat
 - D. commodity
18. Daniel works as a marketing strategist at a digital marketing agency, where he earns a yearly _____ in compensation for his work.
- A. salary
 - B. dividend
 - C. inheritance
 - D. interest
19. Jorge is considering whether to invest \$100 at his bank, but first, he wants to know what his \$100 will be worth in a year. To figure this out, Jorge needs to know the
- A. interest rate.
 - B. present value.
 - C. time value of money.
 - D. investment rate.
20. What type of loan requires collateral?
- A. Unsecured
 - B. Secured
 - C. Note
 - D. Signature
21. Lauren wants to get credit through a financial institution that is owned by its members. Which source of credit is she most likely to use?
- A. A credit union
 - B. A commercial bank
 - C. A savings and loan association
 - D. A sales finance company
22. Under which of the following circumstances is a cosigner held legally responsible for paying the balance owed on a bank loan:
- A. The lender defaults on the loan.
 - B. The borrower defaults on the loan.
 - C. The borrower's interest rate increases.
 - D. The lender's interest rate increases.
23. For budgeting purposes, which of the following would be considered a long-term financial goal:
- A. Buying a used car
 - B. Saving for retirement
 - C. Saving for an annual vacation
 - D. Creating an emergency fund
24. How can you successfully reduce the cost of earning a college degree?
- A. Earn college credit while still in high school.
 - B. Apply for federally funded student loans.
 - C. Contribute to a college savings plan.
 - D. Earn good grades to apply for scholarships.

25. A critical aspect of financial planning involves
- A. setting broad financial goals.
 - B. obtaining several credit cards.
 - C. investing money in high-risk securities.
 - D. saving money for unexpected situations.
26. How can a person planning to buy a car best financially prepare for the purchase?
- A. Conduct research on vehicles that have the best value
 - B. Determine the amount they can afford to save each month
 - C. Save any extra money they receive for the purchase
 - D. Make purchases with credit so they can save toward a down payment
27. It is easier to budget for _____ than it is to budget for _____.
- A. expenses; income
 - B. variable expenses; fixed expenses
 - C. fixed expenses; variable expenses
 - D. transportation; utilities
28. If your personal budget has been created correctly, your income and expense columns should be
- A. about \$1,000 each.
 - B. different from one another.
 - C. exactly \$500 each.
 - D. equal to one another.
29. Determine personal net worth if you own and owe the following:
- | | |
|---------------------|----------|
| Own: | |
| Car | \$25,000 |
| Boat | \$ 9,500 |
| 401K | \$33,000 |
| Savings account | \$ 2,500 |
| Jewelry | \$ 6,500 |
| Owe: | |
| Student loan | \$85,000 |
| Mortgage balance | \$65,000 |
| Credit card balance | \$12,750 |
- A. - \$38,250
 - B. - \$98,850
 - C. - \$66,500
 - D. - \$86,250
30. Which of the following is an example of a personal liability:
- A. Mutual funds
 - B. Vacation home
 - C. Mortgage
 - D. Treasury bills
31. A government charges a \$0.184 tax on each gallon of gasoline, regardless of location or price. This is an example of _____ tax.
- A. excise
 - B. sales
 - C. estate
 - D. capital gains
32. Each month, part of Meera's paycheck goes toward local taxes. This deduction affects her
- A. leave balance.
 - B. gross income.
 - C. salary.
 - D. net income.
33. Kevin deposited his paycheck for \$788.23, a tax refund for \$2,319, two \$100 bills, three \$50 bills, and 43 dimes. He asked for five \$10 bills as cash back. What was the net deposit to his account?
- A. \$3,411.53
 - B. \$3,461.53
 - C. \$3,491.53
 - D. \$4,019.53
34. When reconciling your check register, it is important to _____ your balance.
- A. subtract all applicable fees from
 - B. add your debit card transactions to
 - C. subtract your earned interest from
 - D. add ATM withdrawals to

35. What is the purpose of reconciling bank statements?
- A. To look for places to cut expenses
 - B. To identify errors or fraud
 - C. To prepare for paying taxes
 - D. To make sure you stay within your budget
36. Transaction fees and interest rates are important considerations when you are
- A. selecting a credit card provider.
 - B. establishing your credit rating.
 - C. preparing your bank statements.
 - D. assessing a loan application.
37. Which of the following techniques could help you improve your credit score:
- A. Put several small charges on a variety of credit cards.
 - B. Get all debt removed from your report, even if you have paid it off.
 - C. Apply for as many credit cards as possible.
 - D. Use the smallest possible amount of available credit.
38. Ryan is in serious credit card debt. He used credit to purchase his car, pay for his rent, and even to take vacations. Ryan's debt has started to bother him. He can barely afford to make the minimum payments on his accounts. What outcome is Ryan likely to experience due to his financial irresponsibility?
- A. Poor credit score
 - B. High chance of loan approval
 - C. Low debt-to-income ratio
 - D. Lower interest rates
39. Examining your credit report is important because
- A. credit reporting agencies keep track of how often you review your credit score.
 - B. your credit score will go down if you don't request a copy of your credit report each year.
 - C. you can often negotiate with credit reporting agencies to improve your credit score.
 - D. you may find discrepancies or inaccuracies in your credit history.
40. One way to reduce the risk of identity theft is by
- A. shredding old bank statements.
 - B. disabling computer virus software.
 - C. storing passwords on web browsers.
 - D. photocopying credit card receipts.
41. When preparing her tax return, Lynnette listed the interest that she paid on her student loan as
- A. an itemized deduction.
 - B. investment income.
 - C. a tax-exempt investment.
 - D. taxable earnings.
42. Bob has failed to pay his child support payment for three months in a row. Because of this, the government has put a claim on his home to satisfy the debt. This is called a
- A. garnishment.
 - B. lien.
 - C. repossession.
 - D. debt consolidation.
43. Which of the following is a tool that often helps individuals organize and manage their mortgage, utility, and insurance bills:
- A. Scatter chart
 - B. Monthly payment schedule
 - C. Daily work calendar
 - D. Credit report
44. Collin wants to buy a new couch for his apartment. Which of the following strategies will help Collin make a responsible decision:
- A. Use price as the only deciding factor
 - B. Base his decision on his first instinct
 - C. Save and invest a portion of his paycheck
 - D. Compare different options at various stores
45. Tia wants to purchase a new wardrobe using a credit card with a 0% introductory interest rate. How can she determine how much she can afford to charge to the credit card?
- A. Find out what her credit limit is from the credit card company
 - B. Calculate how much she can afford to pay on the card each month
 - C. Determine how much she has in her savings account
 - D. Find out how much is in her emergency fund

46. Jenny is a single mother of two boys. Since she has children, Jenny spends most of her money on clothing, food, and school supplies—and the rest of her disposable income is put into savings accounts for her sons' education. If Jenny didn't have children, she would likely spend more money on herself. Jenny's situation demonstrates
- A. the necessity of saving money for college before children are even born.
 - B. how financial responsibility is different for people with dependents.
 - C. the impossibility of saving enough money for college as a single parent.
 - D. how financial responsibility is different for individuals nearing retirement.
47. Aiden is considering moving out of his parents' house and into his own apartment. Before he makes such a big financial decision, he should
- A. ask his parents if they will pay for his new apartment.
 - B. consider how the move will affect his budget.
 - C. quit his job so that he has more time to plan.
 - D. apply for a personal loan from a bank.
48. Marcus wants to invest a portion of his money in long-term securities to finance his son's college education and his own retirement. To help him make the best investment decisions, Marcus should obtain the services of a
- A. licensed tax accountant.
 - B. loan officer.
 - C. certified financial planner.
 - D. credit union representative.
49. When you open a savings account, where can you find reliable information about the annual percentage yield (APY) of that account?
- A. Federal Deposit Insurance Corporation (FDIC)
 - B. An online review of the bank
 - C. A friend who uses the same bank
 - D. The bank offering the savings account
50. Stacia claims that her former investment broker encouraged her to make excessive trades just to collect the commission fees from each one. Stacia is accusing her former broker of
- A. churning.
 - B. skimming.
 - C. bundling.
 - D. flighting.
51. What is an ideal investment if you have a need for liquidity?
- A. CD
 - B. 401(k)
 - C. Bond
 - D. Money market account
52. Quantitative measures such as ratios are helpful because they
- A. can be used to compare companies in different industries.
 - B. do not have to be used in context.
 - C. show the relationship between numbers on a company's financial statements.
 - D. are figured the same way no matter what the source.
53. What type of information can an investor gain from examining a company's income statement in its annual report?
- A. The company's business model
 - B. Whether the company is making profits
 - C. The company's competitive advantages
 - D. Whether the company has a positive cash flow
54. Which of the following is the least likely to be a valid reason for making a significant change in your personal asset allocation:
- A. New car purchase
 - B. Marriage
 - C. Birth of a child
 - D. Significant change in inflation

55. What type of investment should an individual with an investment goal of generating steady income choose?

- A. Stocks paying dividends
- B. Value investments
- C. Aggressive growth stocks
- D. Growth stocks

56. Form 10-K is most like

- A. Form 10-Q.
- B. the annual report.
- C. the bottom line.
- D. the cash flow statement.

57. Analyze the information in the mutual fund table about the AnMI mutual fund.

Name	NAV	Net Chg	YTD %ret	4Wk %ret	Total Returns			Max Init Chrg	Exp Ratio
					1Yr	3Yr-R	5Yr-R		
AnMI	21.52	-0.12	+17.7	+3.5	N/A	+22.3A	+19.4A	0.00	1.40

Based on the information provided, what type of mutual fund is the AnMI fund?

- A. Expiring back-load
- B. Front-load
- C. Back-load
- D. No-load

58. A person with a negative attitude toward risk is called

- A. risk-tolerant.
- B. paranoid.
- C. dauntless.
- D. risk-averse.

59. When beginning to set investment goals, which of the following should you consider first:

- A. Time horizon
- B. Types of investments
- C. Net worth
- D. Market risk

60. What is the first step you should take when planning for your retirement?

- A. Figure out how much you need to save.
- B. Understand investment options.
- C. Determine your retirement income needs.
- D. Pick the right savings tools.

61. Each month, Josh deposits money from his paycheck into a retirement account. Even though this decreases his _____, Josh ultimately earns more money through _____ interest.

- A. gross income; compound
- B. net income; compound
- C. net income; simple
- D. gross income; simple

62. Sales figures are most helpful to investors when they are used to measure

- A. consumer response to promotions.
- B. long-term sales growth.
- C. one-year increases and decreases.
- D. a company's share of the market.

63. How should you begin researching an investment you might select?

- A. Purchase a product the company produces.
- B. Compare the company's strengths and weaknesses.
- C. Read the company's profile and annual report.
- D. Visit the company's headquarters.

64. Which of the following types of insurance allows you to maintain your standard of living while you are sick, injured, or otherwise unable to work:

- A. Home insurance
- B. Life insurance
- C. Health insurance
- D. Disability insurance

65. One of the advantages of dealing with independent insurance agents is that they

- A. work for a low commission.
- B. represent several companies.
- C. provide limited coverage.
- D. charge discounted rates.

66. Which of the following statements accurately explains the nature of prospective risks:
- A. They have occurred in the past and could occur again in the future.
 - B. They have not happened before but could occur in the future.
 - C. They are usually easier to identify than retrospective risks.
 - D. They are typically more common than retrospective risks.
67. You have a monthly car payment of \$250. Last month, you made your car payment more than 15 days late. When you open this month's car loan statement, it shows an amount of \$525 due. According to your statement, your balance due includes last month's car payment, this month's payment, and a late fee of \$25.00. You have verified that your lender received, cashed, and credited last month's payment to your account, although it was late. Your car payment is due tomorrow. How much do you owe to the loan company?
- A. \$275
 - B. \$525
 - C. \$250
 - D. \$500
68. When Noah received his first paycheck, he was expecting to have earned \$1,200. However, probably because of _____, his paycheck was only \$976.
- A. payroll taxes
 - B. misbehavior
 - C. interest payments
 - D. company expenses
69. What is the purpose of calculating the time value of money?
- A. To stay within the restraints of your budget
 - B. To learn how much money you will save
 - C. To find the most lucrative investment option
 - D. To allocate your money in different funds
70. Francesca took a job as a nanny that will last for a year. Her employer gives her two options for payment: They will either pay her \$800 a week, or they will give her \$20,000 on her first day and \$20,000 on her last day. If Francesca chooses the second option and invests half of the first \$20,000 with a simple annual interest rate of 3.5%, which is the better financial option and by how much?
- A. The second option, by \$3,500
 - B. The first option, by \$2,200
 - C. The first option, by \$1,250
 - D. The second option, by \$1,900
71. What is the most negative information possible on a credit report?
- A. Bankruptcy
 - B. Late payment
 - C. Lien
 - D. Collection agency report
72. Marvin is drawing up his will. He wants to leave all of his money to his daughter, so he claims her as his
- A. probate.
 - B. executor.
 - C. beneficiary.
 - D. conservator.
73. When a person signs a car loan with an interest rate of 5%, how does making a large down payment benefit them?
- A. It gives the lender confidence that the borrower has the resources to repay the loan.
 - B. It reduces the amount of interest that will be charged over the loan period.
 - C. It reduces the car's original purchase price.
 - D. It reduces the interest rate that will be applied over the loan period.
74. If Thaddeus plans to apply for a consumer loan, why should he avoid using credit to make large purchases?
- A. He won't have enough money for a down payment.
 - B. His debt-to-credit ratio will increase.
 - C. His debt-to-credit ratio will decrease.
 - D. He will develop a poor credit history.
75. Your web search results contain URLs from a variety of sources. Which of the following sources should provide the most reliable data:
- A. A term paper
 - B. A government agency
 - C. A personal blog
 - D. A Wikipedia site

76. Quinn, who is still paying on her car loan, was recently involved in a car accident. She just received a check from her insurance company, and it's made out to the body shop completing the repairs. What should Quinn do now?
- A. Pay the repair shop
 - B. Cash the check
 - C. Deposit it into her bank
 - D. Obtain more estimates
77. Brianna bought a used car and drove it before she had time to get it insured. Someone dented the driver's side door in a parking lot. Brianna immediately called her insurance company to get the car insured, but she waited a week before reporting the damage so the insurance company would pay for the repairs. This is an example of
- A. a total loss.
 - B. insurance coverage.
 - C. a deductible.
 - D. insurance fraud.
78. Henry and Maya just got their driver's licenses and bought auto insurance from the same company, but Henry's insurance rates are much higher. What is the most likely reason that Henry has to pay more for insurance?
- A. Henry was rude to the insurance agent.
 - B. Henry has a lower credit score than Maya.
 - C. Teenage males have a higher risk of accidents.
 - D. Larger cars are generally safer than smaller cars.
79. Which of the following is an example of a measurable goal:
- A. "I will help my work team members succeed."
 - B. "I will become a professional pilot."
 - C. "I will earn a raise."
 - D. "I will write 1,000 words by the end of the day."
80. Which of the following is true of goals:
- A. They cannot change.
 - B. They can be short term or long term.
 - C. They are also known as wishes or dreams.
 - D. They can be accomplished without planning.
81. While searching for a house, Ryan and Maria decided against moving to Roxborough because the property taxes there were too high. Instead, they moved to a neighboring town called Springfield. This example demonstrates how the cost of taxes
- A. is more important to consumers than quality of life.
 - B. is dictated by consumer trends.
 - C. influences consumers' financial decisions.
 - D. depletes most consumers' quality of life.
82. Which of the following is most likely to be able to provide in-depth information about career opportunities in specific fields:
- A. Marketing consultants
 - B. Local newspapers
 - C. College recruiters
 - D. Trade associations
83. Maria's teacher says she has an aptitude for science. Which of the following may explain why Maria has an aptitude for science:
- A. Maria's parent is a microbiologist.
 - B. She and her friends attend lectures at the science center each month.
 - C. She received a microscope for a gift last year.
 - D. Maria believes that it is important to protect the environment.
84. Employees who work in certain professions are required to pass an examination and obtain a
- A. sponsor.
 - B. license.
 - C. charter.
 - D. patent.

85. You know that your current job isn't the right fit for you, so you decide to start looking for a new one. What is the first step you should take?
- A. Let all of your contacts know you are looking for a job.
 - B. Conduct a self-analysis to find out what you value in a job.
 - C. Write cover letters to potential employers.
 - D. Contact your list of references.
86. How should a job applicant answer a question on a job application about how much they expect to be paid?
- A. By stating the same salary they now receive
 - B. By asking for a low salary to get the job
 - C. By writing "open" in the blank after the salary question
 - D. By stating the highest figure they think the business will pay
87. The reason to write a cover letter to submit with your resume is to
- A. list former employers who are willing to serve as references.
 - B. summarize why you are a good candidate for the job.
 - C. include critical information that was left out of the resume.
 - D. indicate what days and times you are available for an interview.
88. Which of the following things should you do when preparing your resume:
- A. Have a trusted friend or colleague proofread it.
 - B. Use unique and eye-catching fonts.
 - C. Copy and paste the job description into your resume template.
 - D. Insert graphics, such as a photo of yourself.
89. One of the biggest benefits of having a personal checking account is the ability to
- A. diversify your stock portfolio.
 - B. invest in the stock market.
 - C. earn interest on your money.
 - D. sign up for mobile/online banking.
90. Why should consumers avoid paying off credit card debt with a home equity line of credit linked to their mortgage?
- A. It creates unsecured debt.
 - B. Mortgage interest rates are typically higher.
 - C. It leads to excessive spending.
 - D. Mortgage loans are secured with collateral.
91. When Raina's car was damaged in a hailstorm, she was glad she had automobile insurance because it reduced the cost of car repairs. This is an example of how automobile insurance protects you
- A. financially.
 - B. medically.
 - C. legally.
 - D. culturally.
92. When purchasing homeowners' or renters' insurance, it is important to document your belongings with a home inventory list that includes
- A. replacement costs.
 - B. original costs.
 - C. actual cash values.
 - D. a rider for expensive items.
93. Employees who are willing to accept more responsibility and continue to learn about all aspects of the business are likely to be considered for
- A. training.
 - B. promotions.
 - C. transfers.
 - D. counseling.
94. When shopping for a broker, the most helpful references come from
- A. a licensing agency.
 - B. actual customers.
 - C. newspapers and magazines.
 - D. the broker's colleagues.

95. When purchasing stock, how does a buy limit order differ from a market order?
- A. It is filled on the same day the request is made.
 - B. It is filled at the current market price.
 - C. It indicates the price the investor is willing to pay.
 - D. It guarantees the stock will be filled at the requested price.
96. Which of the following is a true statement about the consumer protection practices of most businesses:
- A. Businesses willingly sell unsafe products to make a profit.
 - B. Businesses win when consumers file lawsuits against them.
 - C. Businesses that protect consumers are protecting themselves.
 - D. Businesses like having their names in the news even if it is about selling defective products.
97. Hackett Toy Company has introduced a new doll that has moving eyes and lips. Reports of injuries caused by the doll have begun pouring into the company. What action should the company take to provide consumer protection?
- A. Recall or ban the doll
 - B. Require the doll to be tested
 - C. Provide warnings and instructions
 - D. Review safety standards for dolls
98. What is the primary reason why individuals and businesses carry liability insurance?
- A. To transfer risks related to hurricane and flooding disasters
 - B. To cover financial losses related to claims of negligence
 - C. To manage investment earnings and long-term wealth
 - D. To ensure that accidents will not occur on private property
99. When negotiating to buy a new car, at what point should you reveal that you want to trade in your current vehicle?
- A. After the cost of the new car is agreed upon
 - B. Before you begin to negotiate
 - C. While you are negotiating the purchase price
 - D. After the dealer suggests you trade it in
100. What is the main motivation for a startup company to write a business plan?
- A. To determine a value for the business
 - B. To discover if the business meets a need or a want
 - C. To prepare for expansion of the business
 - D. To obtain financing from a lender or investor



KEY

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DECA Inc. will impose sanctions on chapters and chartered associations for violations of this policy up to and including disqualification of competitors and chapters from further participation.

1. D

Violates a statute. If the contract involves carrying out illegal activities, the contract is unenforceable because it requires one or both parties to break laws. Unilateral contracts are contracts that involve promises made by one party. Collateral is anything of value belonging to the borrower that is pledged to the lender to guarantee that the loan (contract) will be repaid. A stipulation is a restriction or circumstance that one party requires the other party to agree to. Unilateral contracts and contracts that require collateral or other stipulations are legal if the contract meets all of the features of legal contracts (agreement, consideration, capacity, genuineness of assent, and legality of purpose).

SOURCE: BL:002

SOURCE: FD

SOURCE: Nolo. (n.d.). *Unenforceable contracts: What to watch out for*. Retrieved October 19, 2021, from <https://www.nolo.com/legal-encyclopedia/unenforceable-contracts-tips-33079.html>

2. C

MON Company. The debtor is the individual or business that owes money to another individual or business, which is the creditor. In the situation presented, MON Company is the creditor because the company has the finances to extend credit to Mrs. Jones (the debtor), allowing her to pay later. Pedro Sanchez is an employee of the creditor. The location of the company is not a factor in determining the debtor-creditor relationship.

SOURCE: BL:071

SOURCE: CD

SOURCE: Nelson, N. (2021, January 23). *Understanding the debtor-creditor relationship*. Retrieved October 19, 2021, from <https://www.wolterskluwer.com/en/expert-insights/understanding-the-debtor-creditor-relationship>

3. A

Pump-and-dump scheme. An investment scam that involves hyping up small, unheard-of stocks is a pump-and-dump scheme. Usually over the internet, the scammers con unsuspecting investors into buying the stock so its price will go up. Then, the scammers sell out at the high price, leaving the other investors to deal with the inevitable price plummet. Affinity fraud is an investment scam in which the scammer claims to be a member of the group they are targeting. A Ponzi scheme is an investment scam that lures in new investors by promising high rates of return with little to no risk. A pyramid scheme is an investment scam based on a hierarchy in which the scammers lure in investors, who must then recruit new investors, and so on. Each level gives some of its returns to the level above it.

SOURCE: BL:104

SOURCE: IN

SOURCE: Dhir, R. (2021, June 2). *Pump and dump*. Retrieved October 19, 2021, from <http://www.investopedia.com/terms/p/pumpanddump.asp>

4. A

Preventing fraudulent activity. The Securities and Exchange Commission (SEC) of the United States and the Canadian Securities Administrators (CSA) are responsible for regulating fair capital markets by working to prevent fraud and other manipulative practices. The SEC and CSA do not provide financial advice, enforce workplace safety measures, or establish interest rates.

SOURCE: BL:105

SOURCE: IN

SOURCE: Chen, J. (2020, July 15). *Securities and exchange commission (SEC)*. Retrieved October 19, 2021, from <https://www.investopedia.com/terms/s/sec.asp>

5. A

Emphasis on recruiting new participants. A pyramid scheme is an investment scheme that involves making money by recruiting new participants without actually selling a product or service. An indicator of a pyramid scheme is an emphasis on recruiting new participants in exchange for a fee rather than selling products or services. Highly priced, cheaply made products; access to confidential information; and a commission payment structure are not necessarily indicators of a pyramid scheme.

SOURCE: BL:133

SOURCE: IN

SOURCE: Investor.gov. (n.d.). *Pyramid schemes*. Retrieved October 19, 2021, from <https://www.investor.gov/investing-basics/avoiding-fraud/types-fraud/pyramid-scheme>

6. D

Evaluate how carefully they listen to your personal goals. A financial planner should listen carefully to a client so they can recommend an appropriate financial plan. Reviewing a financial advisor's credentials is a good way to verify they are trained, but it doesn't indicate how much they are committed to helping you with your finances. A financial advisor's personal wealth and level of experience do not indicate an advisor's level of commitment to their clients.

SOURCE: CR:012

SOURCE: FD

SOURCE: Thompson, M. (2015, June 29). *Truth and transparency: The importance of ethics in finance*. Retrieved October 19, 2021, from <https://www.business.com/articles/are-you-sending-clients-the-wrong-message-when-it-comes-to-ethics/>

7. A

People. Human resources, people, are the most important economic resource because they combine the other resources to produce goods and services. Without the work of people, land would not be used to grow crops, roads would not be built, and equipment would not be used to manufacture goods. Minerals and energy are natural resources. Equipment is capital goods.

SOURCE: EC:003

SOURCE: FD

SOURCE: LAP-EC-903—Be Resourceful (Economic Resources)

8. A

Noneconomic. Noneconomic wants do not have a monetary value attached to them. They are considered to be free. Friendship is an example of a noneconomic want. An economic want has a monetary value attached to it. Wants are considered unlimited rather than limited because everyone has them, they change, and people are not able to obtain enough resources to satisfy all of their wants.

SOURCE: EC:001

SOURCE: FD

SOURCE: LAP-EC-901—Are You Satisfied? (Economics and Economic Activities)

9. A

Transferring. Three ways of transferring risk are through contractual agreements, business organization, and insurance. Retaining risk is keeping it. Avoiding risk is taking measures to eliminate the risk completely. Controlling risk is taking measures to reduce the risk.

SOURCE: EC:011

SOURCE: RM

SOURCE: LAP-EC-003—Lose, Win, or Draw (Business Risk)

10. A

Inflation. Purchasing power is a consumer's ability to purchase goods and services. The rate of inflation, the percentage of change in price levels, has a major effect on purchasing power because when inflation is high, a dollar will not buy as much. For example, if the rate of inflation increases from last year to this year, \$1.00 will buy less this year than it did last year. However, if inflation decreases and incomes stay the same or increase, people will gain purchasing power and be able to buy more goods and services. A decrease in employment, spending, and productivity often leads to a decrease in consumers' purchasing power.

SOURCE: EC:083

SOURCE: FD

SOURCE: LAP-EC-083—Up, Up, and Away (Inflation)

11. A

Accommodating. Michelle is using an accommodating style by giving in now and hoping to gain something else during another negotiation. When she settles for a short-term loss (such as working on Saturday night), she hopes to acquire a long-term win later (such as getting more time off). A combative style involves a strong, "no compromise" attitude. In a competitive negotiation, one or both parties view the situation as a rivalry or a game-like challenge. This style embraces the "I must win, so you must lose" mentality. If using an avoidant style, a person does what they can to steer clear of an uncomfortable or unpleasant situation.

SOURCE: EI:062

SOURCE: FD

SOURCE: LAP-EI-062—Make It a Win-Win (Negotiation in Business)

12. D

Flexibility. Flexibility is a motivator that attracts many budding entrepreneurs. Entrepreneurs are their own bosses, and they are able to decide when and where to work and for how long. Flexibility allows an entrepreneur to control and manage time based on individual needs and desires and on the nature of the business. Entrepreneurs often have to work very long hours, but this is not a reason to become an entrepreneur. Entrepreneurs face a great deal of risk and responsibility.

SOURCE: EN:039

SOURCE: EI

SOURCE: Dang, D. (2021). *10 benefits of being an entrepreneur*. Retrieved October 19, 2021, from <https://entrepreneurshipfacts.com/10-benefits-of-being-an-entrepreneur/>

13. B

Capital expenditures. All new ventures must plan for capital expenditures on the equipment and supplies needed to operate the business. Only established businesses need to plan for expansion and continuous improvement costs. Legal battles can occur, but they are not a major cost that every startup has to consider.

SOURCE: EN:009

SOURCE: EI

SOURCE: Morah, C. (2021, May 13). *Business startup costs: It's in the details*. Retrieved October 19, 2021, from <https://www.investopedia.com/articles/pf/09/business-startup-costs.asp>

14. C

Interest rate changes. Interest rates are economic factors that affect small businesses. When interest rates increase, the costs of lending and borrowing increase, which makes it more expensive for the business to borrow money for expansion and offer credit to customers. On the other hand, when interest rates decrease, it costs less to borrow and lend money. Difficult suppliers are industry risks, and demographic changes and market acceptance are market risks.

SOURCE: EN:010

SOURCE: EI

SOURCE: Quain, S. (2019, January 25). *How do interest rates affect businesses?* Retrieved October 19, 2021, from <http://smallbusiness.chron.com/interest-rates-affect-businesses-67152.html>

15. D

Pay interest on purchases. Credit is the arrangement by which individuals or businesses can purchase now and pay later. Many types of businesses (e.g., banks, large retailers) offer credit cards to consumers and businesses to purchase goods and services. Usually, the credit card issuer sends the credit card holder a monthly statement. The information on the statement includes a list of the purchases made during the billing cycle and the amount owed for the purchases, which includes the interest charges. If the credit card holder pays the minimum amount due, the amount of interest owed accumulates on the balance due until the debt is paid off. Because interest rates can be high, this can be a disadvantage to the credit card holder. It is important to establish a good credit rating in order to borrow money in the future from other lenders. Therefore, establishing a credit rating is not necessarily a disadvantage. Credit card holders do not earn quarterly dividends on their credit cards. Temporary deferment of cash payment is an advantage to credit card holders.

SOURCE: FI:058

SOURCE: CD

SOURCE: Bloomenthal, A. (2021, May 17). *Credit card?* Retrieved October 19, 2021, from <https://www.investopedia.com/terms/c/creditcard.asp>

16. C

The money is immediately taken from her bank account each time she pays. Debit cards are linked to a bank account. When you make a purchase using a debit card, the money is immediately taken from your linked account and used for the purchase. Like physical cash, once you pay with a debit card, the money is instantly gone from your possession. Using a debit card, however, is a distinct method of payment and is not the same as using printed money (cash). If Jamie used a credit card to pay for her rent, she would be using future funds—money that she would promise to pay later.

SOURCE: FI:058

SOURCE: SS

SOURCE: Cussen, M. (2021, June 16). *Credit vs. debit cards: Which is better?* Retrieved October 19, 2021, from <https://www.investopedia.com/articles/personal-finance/050214/credit-vs-debit-cards-which-better.asp>

17. D

Commodity. Commodity money is a physical item that has value on its own. A cow, for example, has value even if it is not being used as money. Fiat money is not backed by a commodity. Instead, it has value because the government says it does. Representative money can be traded in for something valuable. A cow is not an example of paper money.

SOURCE: FI:059

SOURCE: SS

SOURCE: Money Instructor. (2002-2021). *What is money? The evolution of money.* Retrieved October 19, 2021, from <http://www.moneyinstructor.com/doc/moneyevolution.asp>

18. A

Salary. Salaries are money payments for labor. As a marketing strategist, Daniel receives money payments for his labor in the form of a yearly salary. A dividend is a sum of money paid to an investor or stockholder as earnings on an investment. An inheritance is money or other items of value that are passed from one person to another upon an individual's death. Interest is a money payment for the use of borrowed money.

SOURCE: FI:061

SOURCE: EI

SOURCE: The Investopedia Team. (2021, September 7). *Income.* Retrieved October 19, 2021, from <https://www.investopedia.com/terms/i/income.asp>

19. A

Interest rate. To figure out what his \$100 will be worth in a year, Jorge needs to know the bank's interest rate. This will tell him the future value of his money if he invests with the bank. Jorge already knows the present value—it's the \$100 that he currently has. The time value of money states that money available today is more valuable than the same amount of money in the future—because you can invest the money today and earn a return on that investment. The investment rate is not a term commonly used when determining future value.

SOURCE: FI:062

SOURCE: EI

SOURCE: Kopp, C. (2021, April 30). *How interest works on saving accounts*. Retrieved October 19, 2021, from <http://financeprofessor.com/notes-for-classes/time-value-of-money-overview/>

20. B

Secured. A secured loan is a loan in which the borrower pledges to the lender some valuable possession as security, or collateral, to guarantee that the loan will be repaid. Items often used as collateral include real estate, stocks, bonds, machinery, and the cash value of life insurance. An unsecured loan, also known as a signature loan, is an amount of money borrowed by an individual or a business simply by signing a promissory note to repay the loan. No collateral is required for this loan. Both secured and unsecured loans are considered notes.

SOURCE: FI:002

SOURCE: CD

SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

21. A

A credit union. Credit unions are cooperative financial institutions that are owned by their members. These institutions usually have some requirement for membership, such as working for a certain company, belonging to a certain labor union, or living in a certain geographic area. Similar to banks, they provide savings accounts and credit services. They usually offer their members small loans, installment credit, and low interest rates. Commercial banks are full-service banks that offer a variety of credit services, including secured and unsecured loans, installment credit, and bank credit cards. Savings and loan associations began as home loan institutions. Today, they make loans similar to those made by commercial banks, but many of their loans are still for real estate purchases. Sales finance companies offer credit through retailers such as car dealerships.

SOURCE: FI:002

SOURCE: SS

SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

22. B

The borrower defaults on the loan. When borrowers agree to a loan, they are making a legal contractual agreement to pay back the loan in a certain manner within a specific period of time. When the borrower does not have the collateral or credit history to obtain the loan, the lender often requests that another person cosign for the loan. A cosigner is responsible for paying the loan if the borrower defaults on it, which means the borrower does not make the scheduled payments to the lender. Changes in interest rates do not affect a cosigner's legal responsibility for paying the balance owed on a loan.

SOURCE: FI:063

SOURCE: CD

SOURCE: Kurt, D. (2021, August 21). *What are cosigners liable and responsible for?* Retrieved October 19, 2021, from <https://www.investopedia.com/articles/personal-finance/082115/what-are-cosigners-liable-responsible.asp>

23. B

Saving for retirement. Long-term goals, such as saving for retirement, take longer than a couple of years to achieve. Buying a used car, saving for an annual vacation, and creating an emergency fund should all take less than two years and are known as short-term financial goals.

SOURCE: FI:064

SOURCE: FD

SOURCE: Capital One. (2018, November 9). *Your list of financial goals: Building a financial checklist for greater security*. Retrieved October 19, 2021, from <https://www.capitalone.com/bank/money-management/peace-of-mind/financial-goals-checklist/>

24. A

Earn college credit while still in high school. Receiving college credit for inexpensive or free dual-enrollment/articulated high school classes can significantly reduce the cost of a college degree. These classes may also reduce the costs of future room and board because students can potentially complete degrees in less time. Student loans and college savings plans offer ways to save and pay for tuition, but they do not reduce the cost of tuition. Earning good grades can help students compete for scholarships, but there is no guarantee that scholarships will be granted.

SOURCE: FI:064

SOURCE: FD

SOURCE: Insler, S. (2017, September 12). *4 essentials steps to decide if college is worth it for you*. Retrieved October 19, 2021, from <https://studentloanhero.com/student-loans/is-college-worth-it/>

25. D

Saving money for unexpected situations. Financial goals are objectives measured in terms of money. Setting financial goals involves financial planning, which is the determination of how to achieve the financial goals. An important aspect of financial planning involves saving money for unexpected situations. Saving money for unexpected situations provides you with funds to pay your bills if you are unable to earn an income for some reason, such as job loss or illness. Obtaining and using several credit cards is problematic if you cannot pay the balances due in a timely manner. The level of investment risk depends on many factors including the individual's comfort level with risk, income level, and age. Financial goals should be specific rather than broad.

SOURCE: FI:065

SOURCE: FD

SOURCE: LAP-QS-031—Set Yourself Up (Setting Financial Goals)

26. B

Determine the amount they can afford to save each month. Determining an amount to save each month can help a person save money for a down payment toward a new car. Conducting research on vehicles that have the best value is helpful but does not financially prepare a person to actually purchase a car. Saving any extra money is a good idea but may not occur frequently enough to prepare for a car purchase. Making purchases with credit to save money toward a down payment is an unwise financial habit that can lead to overspending.

SOURCE: FI:065

SOURCE: FD

SOURCE: Caldwell, M. (2021, January 12). *Tips for financially preparing for unexpected events*. Retrieved October 19, 2021, from <https://www.thebalance.com/planning-for-financial-emergencies-2385813>

27. C

Fixed expenses; variable expenses. Fixed expenses are expenses that stay the same each month and cannot be easily changed. They are easier to estimate than variable expenses, which are daily spending decisions that change in amount month by month. Expenses are not necessarily easier to budget than income. Transportation is not necessarily easier to budget than utilities.

SOURCE: FI:066

SOURCE: SS

SOURCE: Pant, P. (2020, May 4). *What's the difference between fixed and variable expenses?* Retrieved October 19, 2021, from <https://www.thebalance.com/what-s-the-difference-between-fixed-and-variable-expenses-453774>

28. D

Equal to one another. The ultimate goal of a personal budget is to have income and expenses that are equal to one another—in other words, to have all of your income accounted for and budgeted toward a specific expense or savings objective. If your income column shows a number that is smaller than the number in the expense column, then you will not have enough money to pay for all your expenses. If your expenses are lower than your income, however, you will have excess money that could be budgeted more wisely. Your income and expenses may vary each month—and each person's budget will be unique. There is no "correct" number for income and expenses.

SOURCE: FI:066

SOURCE: FD

SOURCE: Vohwinkle, J. (2021, May 15). *Make a personal budget in 6 steps.* Retrieved October 19, 2021, from <https://www.thebalance.com/how-to-make-a-budget-1289587>

29. D

- \$86,250. Calculating your net worth involves comparing your assets with your liabilities (Assets – Liabilities = Net Worth). Your assets include savings accounts, cash savings, checking accounts, stocks, and mutual funds. It also includes assets such as a home, a car, a boat, antiques, and jewelry. Your liabilities don't take into account your annual expenses. For example, you would not include your monthly mortgage payment, your rent, or your utilities. Instead, you want to determine your outstanding short- to long-term debt. For example, if you have a credit card, and you pay it off each month, that's not going to be considered a liability, because each month that goes to zero. But if you have a student loan that has an outstanding balance that you're paying off on a monthly basis over an extended period of time, then the balance due on that loan is a liability. Other examples of liabilities include the balance due on a mortgage, a car loan, a boat loan, and personal loans that you owe to others. Total the value of your assets, and then total the value of your liabilities. Subtract your liabilities from your assets to determine your net worth. In this scenario, the total assets equal \$76,500, while liabilities equal \$162,750. The difference between the two results in a net worth of - \$86,250. Utilities and monthly apartment rental are considered expenses rather than liabilities, and they would not be included in the total for liabilities.

SOURCE: FI:562

SOURCE: SS

SOURCE: Vohwinkle, J. (2021, June 30). *What is your net worth?* Retrieved October 19, 2021, from <https://www.thebalance.com/what-is-your-net-worth-1289788>

30. C

Mortgage. Personal liabilities are any debts that an individual owes. A mortgage is a loan used to purchase real estate. A person who takes out a mortgage owes a certain amount to the lender that must be paid back over time. Therefore, a mortgage is a personal liability. A vacation home, mutual funds, and treasury bills are all examples of personal assets, which are anything of value that a person owns that can be converted into cash.

SOURCE: FI:562

SOURCE: FD

SOURCE: Folger, J. (2021, October 5). *How to calculate your tangible net worth.* Retrieved October 19, 2021, from <https://www.investopedia.com/articles/pf/13/calculating-your-tangible-net-worth.asp>

31. A

Excise. Excise taxes are specific, targeted taxes that are applied to specific goods and use a flat rate. In contrast, sales tax applies to almost every purchase and is a percentage of the sale price. Sales taxes also vary by state and by the type of item bought. Estate tax is imposed on the transfer of property upon the death of the owner. Capital gains tax is charged on profits made from the sale of assets such as stock or real estate.

SOURCE: FI:067

SOURCE: SS

SOURCE: Fay, B. (2021, October 12). *Types of taxes*. Retrieved October 19, 2021, from <https://www.debt.org/tax/type/>

32. D

Net income. Net income, also known as take-home pay, is money remaining after deductions (such as retirement account contributions or federal, state, or local taxes) have been taken out of the gross income, or the total amount of money an employee is paid before deductions. A salary is a money payment for labor, and a leave balance is the amount of paid or unpaid time employees have earned. Neither salary nor leave balance is affected by paycheck deductions.

SOURCE: FI:067

SOURCE: EI

SOURCE: Kenton, W. (2021, March 19). *Net income (NI)*. Retrieved October 19, 2021, from <https://www.investopedia.com/terms/n/netincome.asp>

33. A

\$3,411.53. To calculate his net deposit, first multiply the denominations of currency that he is depositing by the number of bills or coins of that denomination that he has ($2 \times \$100 = \200 ; $3 \times \$50 = \150 ; $43 \times \$0.10 = \4.30). Then, add together the check, tax refund, and cash that he is depositing ($\$788.23 + \$2,319 + \$200 + \$150 + \$4.30 = \$3,461.53$). Determine the amount of cash that he is getting back by multiplying the number of bills that he is receiving by the denomination of the bills ($5 \times \$10 = \50). Finally, subtract his cash back from his total deposit ($\$3,461.53 - \$50 = \$3,411.53$).

SOURCE: FI:560

SOURCE: SS

SOURCE: Chase Banks. (n.d.). *How to read your statement*. Retrieved October 19, 2021, from <https://merchantservices.chase.com/support/managing-your-account/how-to-read-your-statement>

34. A

Subtract all applicable fees from. The check register is a central location to record and track all of the checks that you write and the amount of money you spend in your checking account. Each month, you receive a bank statement that details your checking account activity. You should reconcile your check register with your bank statement to ensure that they match. This step is important for many reasons. For example, if you forget to enter transactions in your check register, you may overdraw your account and be fined for insufficient funds. When reconciling your check register, you want to make sure that you have subtracted all fees including debit card transactions and ATM withdrawals. You should add the interest earned if your account is set up to earn interest.

SOURCE: FI:069

SOURCE: SS

SOURCE: Mycreditunion.gov. (2018, June 29). *Understanding a check and balancing a checkbook*. Retrieved October 19, 2021, from <http://www.mycrreditunion.gov/Pages/pocket-cents-understanding-a-check-and-balancing-checkbook.aspx>

35. B

To identify errors or fraud. Reconciling bank statements is the process of comparing your records of financial transactions to a bank statement. This helps you identify discrepancies, which could reflect bank errors or fraud in your account that you need to address. Reconciling bank statements does not help you look for places to cut expenses, prepare for paying taxes, or make sure you are staying within your budget.

SOURCE: FI:070

SOURCE: SS

SOURCE: LaMarco, N. (2019, March 11). *How do I reconcile a bank statement?* Retrieved October 19, 2021, from <http://smallbusiness.chron.com/reconcile-bank-statement-1641.html>

36. A

Selecting a credit card provider. Comparison shopping will help you determine which credit card providers offer the lowest interest rates and have minimal transaction fees. Doing some research before applying for and accepting the terms of a credit card can help you save money on credit. Credit bureaus collect your credit history to calculate your credit rating (score). Banks prepare your bank statements, and lending institutions assess the loan applications that applicants complete.

SOURCE: FI:071

SOURCE: CD

SOURCE: Mapping Your Future, Inc. (2021). *Use your credit cards wisely*. Retrieved October 19, 2021, from <https://mappingyourfuture.org/money/creditcards.cfm>

37. D

Use the smallest possible amount of available credit. One way to boost your score is to use as little credit as possible. For example, if your credit limit is \$10,000, you should try to use 30% or less of that. You should not remove all debt from your credit report; in fact, you should keep accounts on your credit report that you have paid off responsibly because they can build good credit. For example, if you paid off your car loan without late payments, you should not try to have that loan removed from your credit report. You should also not apply for as much credit as possible. Your credit score can go down when you apply for credit frequently. Finally, you should not put several small charges on a variety of credit cards. A large number of credit cards with outstanding balances can hurt your credit score.

SOURCE: FI:071

SOURCE: CD

SOURCE: Little, K. (2020, December 18). *How to improve your credit score*. Retrieved October 19, 2021, from <http://www.bankrate.com/finance/debt/7-simple-ways-improve-credit-score-1.aspx>

38. A

Poor credit score. A poor credit score is the result of irresponsible credit use. You can hurt your credit score by opening too many credit accounts, failing to pay off your balance each month, and accumulating large debts. Ryan is likely to have a low credit score due to his financial irresponsibility. As a result, he is less likely to be approved for loans—and the credit accounts that he is approved for will have higher interest rates. Given the fact that Ryan is struggling to pay the minimum payments on his different accounts, he is likely to have a high debt-to-income ratio, meaning that a sizable portion of his income likely goes toward his debt each month.

SOURCE: FI:071

SOURCE: FD

SOURCE: Sandberg, E. (2019, July 1). *Things you must know about credit card debt*. Retrieved October 19, 2021, from <https://www.creditcards.com/credit-card-news/help/8-things-to-know-about-credit-card-debt-6000.php>

39. D

You may find discrepancies or inaccuracies in your credit history. It's important to examine your credit report on a yearly basis because there may be mistakes and discrepancies. You may notice that there are credit accounts listed on your report that don't belong to you or that the information regarding your employer is incorrect. You may also notice signs of potential identity theft, such as inquiries into your credit history that you don't recognize. Forgetting to request a copy of your credit score on a yearly basis will not hurt your credit score. However, requesting a copy too frequently may hurt your score. Credit reporting agencies do keep track of how often you review your credit score, but that's not necessarily a reason why it's important to examine your credit report. You cannot negotiate your credit score with credit reporting agencies.

SOURCE: FI:072

SOURCE: CD

SOURCE: Irby, L. (2020, January 31). *What to check on your credit report*. Retrieved October 19, 2021, from <https://www.thebalance.com/what-to-check-for-on-your-credit-report-960460>

40. A

Shredding old bank statements. One way that thieves obtain others' personal information (e.g., bank account numbers, credit card numbers) is by going through trash cans and dumpsters. Using a paper shredder to destroy old bank and credit card statements makes it more difficult for thieves to obtain personal financial information. Disabling computer virus software and storing passwords on web browsers lower the computer user's security, which increases the risks associated with computer hacking. Photocopying credit card receipts is not an action that reduces the risk of identity theft.

SOURCE: FI:073

SOURCE: FD

SOURCE: Dierking, D. (2021, July 4). *How long should you keep your bank statements?* Retrieved October 19, 2021, from <https://www.investopedia.com/ask/answers/090716/how-long-should-you-keep-bank-statements.asp>

41. A

An itemized deduction. The government allows taxpayers to itemize or list certain expenses on their tax returns to reduce the amount of taxable income. These expenses include charitable donations, a percentage of medical expenses, business expenses, and interest paid on some types of loans. Investment earnings, such as dividend payments, are taxable income. The federal government does not tax certain types of investments, such as municipal bonds.

SOURCE: FI:074

SOURCE: EI

SOURCE: IRS. (2021, March 12). *Topic number 456: Student loan interest deduction*. Retrieved October 19, 2021, from <https://www.irs.gov/taxtopics/tc456>

42. B

Lien. A lien occurs when a homeowner owes debt to someone or an organization that is not the mortgage holder. It means that when the home is sold, money from the sale is first used to pay any lien holders. A garnishment occurs when a creditor takes payment directly from a debtor's wages. Repossession occurs when a debtor does not make payments on an asset (typically a vehicle), and the loan holder takes back the asset. Debt consolidation is a process in which a consumer's debts (such as mortgage, car loan, etc.) can be combined into one monthly payment that is manageable for the consumer.

SOURCE: FI:565

SOURCE: CD

SOURCE: Colley, A. (2019, October 1). *What is a property lien? An unpaid debt that could trip up your home sale*. Retrieved October 19, 2021, from <https://www.realtor.com/advice/sell/lien/>

43. B

Monthly payment schedule. Developing a monthly payment schedule can help individuals organize, manage, and pay their bills on time. Computer spreadsheets, schedule templates, and calendars are several effective ways to manage the bill-paying process. Regardless of the format used, individuals should note the payee's name, amount due, due date, date paid, and the method of payment. If writing a check, the check number should also be noted on the payment schedule. Individuals do not organize and manage their bills by using a scatter chart, work calendar, or credit report.

SOURCE: FI:565

SOURCE: SS

SOURCE: Haagensen, E. (2021, September 30). *Procrastinator's guide to bill payment*. Retrieved October 19, 2021, <https://www.investopedia.com/articles/pf/08/stop-paying-bills-late.asp>

44. D

Compare different options at various stores. When making a large purchase, it is important to take time and consider many different options. Comparison shopping is beneficial because it allows you to make sure you are getting the best quality product for the best price. Collin should look at many different couches from a variety of places to make the most responsible decision he can. When making a big purchase, it is not responsible for Collin to base his decision on instinct or impulse, because Collin might not get the best value. Saving and investing a portion of his paycheck is a good idea, but it is not directly related to his responsible buying decision. Price is not the only factor that should be considered in Collin's buying decision, because he should also consider the couch's quality.

SOURCE: FI:783

SOURCE: FD

SOURCE: FINRA. (2021). *Comparison shop for financial products*. Retrieved October 19, 2021, from <http://www.finra.org/investors/comparison-shop-financial-products>

45. B

Calculate how much she can afford to pay on the card each month. When making the decision whether or not to use a credit card, it's important to determine how a credit card payment would fit into your personal budget so you can pay the debt in a responsible manner. It's not advisable to use all the credit offered by a credit card company, because large balances are difficult to pay, and a high debt-to-credit ratio can result in a poor credit score. Experts do not recommend using savings and emergency funds to pay credit card expenses.

SOURCE: FI:783

SOURCE: SS

SOURCE: Gravler, E. (2021, October 8). *The 5 types of expenses experts say you should never charge on a credit card*. Retrieved October 19, 2021, from <https://www.cnbc.com/select/expenses-never-put-on-credit-card/>

46. B

How financial responsibility is different for people with dependents. Financial responsibility is different at every life stage. For people with children, their financial responsibilities include paying for food, clothing, and schooling for their dependents. For people without dependents, their financial responsibilities may only include their own needs. While it is important to start early when saving for college, it is usually not necessary to start saving for a child's education before they are even born. While it may be more challenging to save enough money for college as a single parent, it is definitely not impossible. Although financial responsibility is different for individuals nearing retirement, the scenario does not mention anything about Jenny being near retirement age.

SOURCE: FI:783

SOURCE: FD

SOURCE: Yih, J. (2020, January 13). *Financial stages of life*. Retrieved October 19, 2021, from <https://retirehappy.ca/financial-stages-of-life/>

47. B

Consider how the move will affect his budget. Before making any financial decision, you should carefully consider the potential consequences. In Aiden's case, he should consider how moving to an apartment and paying rent will impact his personal budget. Only after careful consideration and planning should he make a decision. He shouldn't ask his parents to pay for his apartment, since that would be inappropriate. Moving to an apartment generally symbolizes the start of a young person's adult life, and most adults pay for their own living arrangements. It would be unwise for Aiden to quit his job if he is considering moving out, since he will need the income to pay for rent. Aiden shouldn't apply for any loans before deciding if he will be moving.

SOURCE: FI:783

SOURCE: FD

SOURCE: Bellhops. (2018, February 20). *How to move out of your parents' house*. Retrieved October 19, 2021, from <https://www.getbellhops.com/blog/move-out-parents-house/>

48. C

Certified financial planner. Financial planners help clients develop investment plans and prepare for the future. Financial planners recommend and sell financial products such as mutual funds, stocks and bonds, insurance, etc. When selecting a financial planner, it is important to make sure that they have the appropriate training and certification to provide financial services. Tax accountants, loan officers, and credit union representatives do not usually have the credentials to provide in-depth financial advice and select appropriate investments for clients.

SOURCE: FI:075

SOURCE: FD

SOURCE: Kagan, J. (2021, February 2). *Guide to financial advisors*. Retrieved October 19, 2021, from <https://www.investopedia.com/terms/f/financial-advisor.asp>

49. D

The bank offering the savings account. Banks are legally required by the FDIC to provide APY rates to consumers. Information from an online review or from a friend might be inaccurate. The FDIC provides financial overviews of banking institutions and refers consumers to bank-sponsored websites and locations for information on banking rates.

SOURCE: FI:075

SOURCE: FD

SOURCE: Bankrate. (2021). *APY (annual percentage yield)*. Retrieved October 19, 2021, from <https://www.bankrate.com/glossary/a/apy-annual-percentage-yield/>

50. A

Churning. Before selecting a broker, it's vital that you thoroughly understand their payment structure. Many brokers (especially full-service brokers) are paid on commission, which means they make money every time they conduct a transaction for you. A good broker is reliable and has your best interests at heart when recommending that you buy or sell certain securities. Unfortunately, a dishonest broker may encourage you to make excessive trades just to collect the commission fees from each one. This practice is called churning. Skimming is a price strategy that involves setting prices higher than those of the competition. Bundling is a marketing strategy that involves offering several products for sale as one combined product. A flighting strategy is a media timing strategy that concentrates advertising during peak sales periods followed by periods of no advertising.

SOURCE: FI:076

SOURCE: FD

SOURCE: Hayes, A. (2021, July 1). *Churning*. Retrieved October 19, 2021, from <https://www.investopedia.com/terms/c/churning.asp>

51. D

Money market account. A money market account is an ideal investment if you have a need for liquidity because it is easy to withdraw money from it without penalty. 401(k)s, bonds, and CDs all have penalties for early withdrawal.

SOURCE: FI:279

SOURCE: IN

SOURCE: Kennon, J. (2021, July 30). *The importance of liquidity and liquid assets*. Retrieved October 19, 2021, from <https://www.thebalance.com/the-importance-of-liquidity-and-liquid-assets-356055>

52. C

Show the relationship between numbers on a company's financial statements. They are invaluable in understanding how a company operates. Quantitative measures such as ratios *do* need to be used in context to be meaningful. They should *not* be used to compare companies in different industries, because industries have unique characteristics. Ratios are not always figured the same way among different sources.

SOURCE: FI:280

SOURCE: IN

SOURCE: Bloomenthal A. (2021, February 20). *Ratio analysis*. Retrieved October 19, 2021, from <https://www.investopedia.com/terms/r/ratioanalysis.asp>

53. B

Whether the company is making profits. A company's annual income statement shows all sources of income, liabilities, and whether the company made profits or experienced a loss. A company's business model and its competitive advantages are not types of information provided within its annual income statement. A company provides information about its cash flow in its cash flow statement.

SOURCE: FI:277

SOURCE: IN

SOURCE: Zoho. (n.d.). *Income statement—Definition, importance, and example*. Retrieved October 19, 2021, from <https://www.zoho.com/books/guides/what-is-an-income-statement.html>

54. A

New car purchase. Buying a new car is not usually sufficient reason for changing one's asset allocation. Major personal changes, such as marriage or the birth of a child, and major economic events, such as a significant change in inflation, are valid reasons for making changes in personal asset allocation.

SOURCE: FI:283

SOURCE: IN

SOURCE: Investor.gov. (n.d.). *Beginners' guide to asset allocation, diversification, and rebalancing*. Retrieved October 19, 2021, from <https://www.investor.gov/additional-resources/general-resources/publications-research/info-sheets/beginners-guide-asset>

55. A

Stocks paying dividends. Investors seeking reliable income typically choose income-generating stocks with a history of paying reliable dividends to generate income. Growth, aggressive growth, and value investments do not typically produce steady income. Investors use growth and aggressive growth stocks when they seek to build long-term growth. Value investments are stocks whose values are underpriced in the market, thereby creating the potential for the stocks' values to rise in the future.

SOURCE: FI:348

SOURCE: IN

SOURCE: Nead, N. (n.d.). *7 most common investment objectives*. Retrieved October 19, 2021, from <https://investmentbank.com/investment-objectives/>

56. B

The annual report. Form 10-K is the annual report that a company must file with the SEC. It is less attractive than the annual report that companies send to their shareholders. Form 10-Q is a quarterly report. The bottom line and cash flow statements appear in 10-Ks.

SOURCE: FI:274

SOURCE: IN

SOURCE: Averkamp, H. (2021). *What is form 10-K?* Retrieved October 19, 2021, from <http://www.accountingcoach.com/blog/form-10k>

57. D

No-load. No-load mutual funds do not charge sales commissions or purchase fees. According to the mutual fund provided, the maximum initial charge for purchasing shares of the AnMI mutual fund is \$0.00. So, all of an individual's investment would go toward the purchase of shares of AnMI. A front-load mutual fund charges commissions and/or purchase fees when buying shares of the fund. A back-load mutual fund charges fees when an investor sells their shares of the fund. An expiring back-load mutual fund also charges fees when an investor sells their shares, but at a certain point in time or when the account reaches a certain level, these fees decline or disappear completely.

SOURCE: FI:275

SOURCE: IN

SOURCE: Investopedia. (2020, July 19). *Load vs. no-load mutual fund: What's the difference?* Retrieved October 19, 2021, from <https://www.investopedia.com/ask/answers/125.asp>

58. D

Risk-averse. A person with a negative attitude toward risk is called risk-averse. Being risk-averse does not necessarily make a person paranoid (suspicious, distrustful). A person with a positive attitude toward risk is called risk-tolerant. A risk-tolerant person is more likely to be dauntless (fearless).

SOURCE: FI:077

SOURCE: IN

SOURCE: LAP-FI-077—Invest for Success (Types of Investments)

59. C

Net worth. You would calculate how much you own and how much you owe. To determine your net worth, add up the value of all the things you own (e.g., cash, car, equipment, buildings) and the value of the things you owe (e.g., utilities, mortgage, loans, credit card debt). Subtract what you owe from what you own, and this figure provides your net worth. Now, you have a starting point to determine how far you need to go (i.e., how much additional money you'll need) to achieve the things that you want to accomplish. Market risk, time horizon, and types of investments are examined after net worth is determined.

SOURCE: FI:079

SOURCE: IN

SOURCE: Folger, J. (2021, June 23). *Why knowing your net worth is important.* Retrieved October 19, 2021, from <https://www.investopedia.com/articles/pf/13/importance-of-knowing-your-net-worth.asp>

60. C

Determine your retirement income needs. The first step to planning your retirement is to determine how much income you will need. You can use your current expenses and income as a starting point. It is important to understand investment options, figure out how much you need to save, and pick the right savings tools, but first you need to know what your retirement income needs are to make informed decisions about these three matters.

SOURCE: FI:569

SOURCE: SS

SOURCE: 360 Degrees of Financial Literacy. (2021). *4 questions to identify your retirement needs and goals.* Retrieved October 19, 2021, from <https://www.360financialliteracy.org/Topics/Retirement-Planning/Funding-Your-Retirement/4-Questions-to-Identify-Your-Retirement-Needs-and-Goals>

61. B

Net income; compound. Net income, also known as take-home pay, is money remaining after deductions (such as health insurance premiums or retirement account contributions) have been taken out of the gross income, or the total amount of money an employee is paid before deductions. When Josh contributes to his retirement account, he decreases his net income. Compound interest earns interest upon interest, while simple interest earns interest on the principal loan. When Josh deposits money into a retirement account, such as a traditional individual retirement account (IRA) or a registered retirement savings plan (RRSP), he benefits from compound interest.

SOURCE: FI:569

SOURCE: EI

SOURCE: Richmond, S. (2021, June 29). *Why save for retirement in your 20s?* Retrieved October 19, 2021, from <https://www.investopedia.com/articles/personal-finance/040315/why-save-retirement-your-20s.asp>

62. B

Long-term sales growth. When considering sales figures, sales growth over the long term is most helpful to investors. Consumer response to promotions may be reflected in sales growth, but it is not particularly helpful to investors. One-year increases and decreases are within too short of a time frame to be very useful to investors. A company's share of the market, in terms of sales, is useful in establishing a firm's presence but is not necessarily useful to investors who want to value the stock.

SOURCE: FI:281

SOURCE: IN

SOURCE: Stockopedia. (2021). *Sales growth*. Retrieved October 19, 2021, from <https://www.stockopedia.com/ratios/sales-growth-ttm-838/>

63. C

Read the company's profile and annual report. To begin researching an investment, read the company's profile and annual report—looking for clues about the company's style, strategy for growth, and unique competitive challenges. Do not begin your research by comparing the company's strengths and weaknesses, by purchasing the company's products, or by visiting the company's headquarters. Those things can come later if you want to pursue them.

SOURCE: FI:284

SOURCE: IN

SOURCE: Kennon, J. (2021, August 12). *How to research stocks and choose good investments*. Retrieved October 19, 2021, from <https://www.thebalance.com/how-to-research-stocks-and-choose-good-investments-4056941>

64. D

Disability insurance. Disability insurance allows you to maintain your standard of living when you are disabled or otherwise unable to work. Life insurance ensures that your beneficiaries can maintain their standard of living if you die, whereas health insurance allows you to access affordable health care throughout your life. Home insurance is insurance for your house or apartment.

SOURCE: FI:081

SOURCE: RM

SOURCE: Ontario Securities Commission. (2021). *5 types of personal insurance*. Retrieved October 19, 2021, from <https://www.getsmarteraboutmoney.ca/plan-manage/planning-basics/personal-insurance/5-types-of-personal-insurance>

65. B

Represent several companies. An advantage of dealing with independent agents is that they represent several insurance companies and can shop around for the best coverage and lowest rates. Different insurance companies charge different rates for comparable coverage depending on a variety of factors, such as size of the business, location, etc. Independent agents representing several companies know which company will be best suited to their clients' needs. Independent agents also sell various types of insurance and can handle all of a business's insurance needs. Independent insurance agents do not work for low commissions, charge discounted rates, or provide limited coverage.

SOURCE: FI:082

SOURCE: RM

SOURCE: Tuovila, A. (2021, August 16). *Independent agent*. Retrieved October 19, 2021, from <https://www.investopedia.com/terms/i/independent-agent.asp>

66. B

They have not happened before but could occur in the future. Risk management focuses on identifying retrospective and prospective risks. Retrospective risks have occurred in the past, while prospective risks have not happened before but could occur in the future. Retrospective risks are usually easier to identify than prospective risks, and retrospective risks are typically more common.

SOURCE: SM:075

SOURCE: RM

SOURCE: LAP-SM-075—Prepare for the Worst; Expect the Best (Nature of Risk Management)

67. A

\$275. The actual amount due is \$275, despite the fact that your statement indicates that you owe \$525. That's because this month's billing statement was likely printed before the lender received your payment last month. Since the lender has already credited your account for last month's payment of \$250, only this month's payment of \$250 and the late fee of \$25 are due.

SOURCE: FI:327

SOURCE: SS

SOURCE: Chase. (n.d.). *Understanding your simple interest auto loan*. Retrieved October 19, 2021, from <https://www.chase.com/content/dam/chasecom/en/business-banking/documents/autoloan-simple-interest.pdf>

68. A

Payroll taxes. Employers are required to deduct taxes from employees' wages. Therefore, although Noah is paid \$1,200 every pay period, he actually receives less than that due to the taxes his employer takes out of his paycheck. Noah did not have money deducted from his pay due to misbehavior, interest payments, or company expenses.

SOURCE: FI:638

SOURCE: EI

SOURCE: Averkamp, H. (2021). *What are payroll withholding taxes?* Retrieved October 19, 2021, from <https://www.accountingcoach.com/blog/what-are-payroll-withholding-taxes>

69. C

To find the most lucrative investment option. The time value of money is the theory that it is better to have money now rather than later because you can invest it and earn more interest over time. Therefore, calculating the time value of money can help someone determine the most lucrative investment option by determining how much a certain amount of money will be worth after investing at a certain rate for a certain period of time. The time value of money does not necessarily help you learn how much money you will save, stay within the restraints of your budget, or allocate your money in different funds.

SOURCE: FI:238

SOURCE: IN

SOURCE: Heyford, S.C. (2021, September 23). *Understanding the time value of money*. Retrieved October 19, 2021, from <http://www.investopedia.com/articles/03/082703.asp>

70. C

The first option, by \$1,250. First, divide the \$20,000 in half to find out how much Francesca can invest ($\$20,000 / 2 = \$10,000$). Then, calculate how much interest Francesca will earn if she invests the \$10,000 at a rate of 3.5% ($\$10,000 \times 3.5\%$ [or 0.035] = \$350). Then, add the interest to the original amount and add the second \$20,000 payment to calculate the total amount Francesca will have at the end of one year if she chooses the second option ($\$20,000 + \$350 + \$20,000 = \$40,350$). Next, multiply the \$800 weekly salary by 52 weeks to see how much Francesca will earn at the end of one year if she chooses the first option ($\$800 \times 52 = \$41,600$). Calculate the difference between the first option and the second option ($\$41,600 - \$40,350 = \$1,250$). Francesca will earn \$1,250 more if she chooses to be paid \$800 per week instead of investing a large amount upfront and waiting to be paid again until the end of the year.

SOURCE: FI:238

SOURCE: EI

SOURCE: Heyford, S.C. (2021, September 23). *Understanding the time value of money*. Retrieved October 19, 2021, from <http://www.investopedia.com/articles/03/082703.asp>

71. A

Bankruptcy. Bankruptcy is the last-resort action for poor credit. Late payments, liens, and collection agency reports all appear on a credit report, but none have as negative of an impact as bankruptcy.

SOURCE: FI:568

SOURCE: CD

SOURCE: Equifax. (2021). *What is a credit report and what does it include?* Retrieved October 19, 2021, from <https://www.equifax.com/personal/education/credit/report/what-is-a-credit-report-and-what-does-it-include/>

72. C

Beneficiary. A beneficiary is a person who receives funds from a trust, will, or insurance policy. Marvin's daughter is his beneficiary since he's leaving her all of his money. An executor is the person who is in charge of making sure the will is carried out. Probate is the process of determining whether or not a will is valid. A conservator is appointed when a person becomes incapacitated and needs someone to make decisions for them.

SOURCE: FI:572

SOURCE: FD

SOURCE: Kagan, J. (2021, April 10). *Beneficiary*. Retrieved October 19, 2021, from <https://www.investopedia.com/terms/b/beneficiary.asp>

73. B

It reduces the amount of interest that will be charged over the loan period. The interest charged on a loan is calculated by multiplying the interest rate by the principal. Since a down payment reduces the principal amount, it causes less interest to be charged over the loan period. Enabling a lender to have confidence in your ability to pay benefits the lender. A down payment does not reduce a car's original purchase price. A loan's interest rate is established before the loan agreement is signed and not reduced by a large down payment.

SOURCE: FI:625

SOURCE: CD

SOURCE: Nelson, J. (2021, June 15). *How much of a down payment is needed for a car?* Retrieved October 19, 2021, from <https://www.investopedia.com/how-much-down-payment-is-needed-for-a-car-5184453>

74. B

His debt-to-credit ratio will increase. One element of credit history that lenders consider is the applicant's debt-to-credit ratio, which is a comparison of a person's debts vs. their available credit line. The more debt the applicant has, the less likely a lender is to approve a loan. A poor credit history is typically the result of missing payments or revolving credit. There is no indication that the loan Thaddeus wants to apply for requires a down payment.

SOURCE: FI:625

SOURCE: SS

SOURCE: Equifax. (2021). *What is a debt to credit ratio?* Retrieved October 19, 2021, from <https://www.equifax.com/personal/education/credit/score/debt-to-credit-ratio/>

75. B

A government agency. A government agency, such as the Bureau of Labor Statistics, should contain unbiased, accurate information. A term paper and a personal blog would probably be biased based on the writer's viewpoint. Although Wikipedia is an open source of information that is constantly updated, you might have received wiki information when it was inaccurate.

SOURCE: NF:079

SOURCE: FD

SOURCE: Goodwill Community Foundation. (2021). *How to judge online information.* Retrieved October 19, 2021, from <https://edu.gcfglobal.org/en/digital-media-literacy/judging-online-information/1/>

76. A

Pay the repair shop. Quinn should give the check to the body shop to pay for the necessary repairs. She cannot cash or deposit the money, since the check would require the repair shop's signature or endorsement for her to do so. Estimates are usually obtained before an insurance company issues a check for repairs.

SOURCE: OP:188

SOURCE: RM

SOURCE: Kasperowicz, L. (2021, July 16). *Auto insurance check: Will it be made out to me?* Retrieved October 19, 2021, from <http://www.autoinsurance.org/will-the-auto-insurance-check-be-made-out-to-me-if-i-file-a-claim/>

77. D

Insurance fraud. Insurance fraud is an illegal act that occurs when an insurance customer lies about the details of an accident to collect payment. Insurance coverage refers to the coverage provided by an insurance company. A deductible is a set amount that the owner agrees to pay before any further damages will be reimbursed by insurance. A total loss refers to a vehicle that has so much damage that it is too expensive to repair.

SOURCE: OP:187

SOURCE: RM

SOURCE: Pennsylvania Insurance Fraud Prevention Authority. (2021). *Automotive insurance fraud.* Retrieved October 19, 2021, from <https://www.helpstopfraud.org/Types-of-Insurance-Fraud/Automotive>

78. C

Teenage males have a higher risk of accidents. One way that insurance companies determine prices and rates is based on individual policy holders' characteristics such as age and gender. Because teenage males have higher crash rates, their policies are often more expensive than other policies. There is no indication that Henry has a lower credit score than Maya or that Henry was rude to the insurance agent. While it is true that larger cars are generally safer than smaller cars, there is no indication that this fact affected Henry's and Maya's insurance rates.

SOURCE: OP:373

SOURCE: RM

SOURCE: State Farm. (2021). *What affects car insurance premiums?* Retrieved October 19, 2021, from <https://www.statefarm.com/simple-insights/auto-and-vehicles/what-affects-car-insurance-premiums>

79. D

"I will write 1,000 words by the end of the day." This is an example of a measurable goal because it describes *how many* words and *when* they'll be written. Measurable goals are those that can be counted or measured in some way. While the other goals are great to work toward, none are expressed in terms of measurement.

SOURCE: PD:018

SOURCE: FD

SOURCE: LAP-PD-918—Go for the Goal (Goal Setting)

80. B

They can be short term or long term. Goals are either short term or long term. Short-term goals are objectives that take less than a year to achieve, while long-term goals are objectives that take a year or more to reach. Goals are dynamic, meaning that they can change. They are not the same as wishes or dreams. Goals do not accomplish themselves; instead, you must practice goal setting and plan how you will work to accomplish your goals.

SOURCE: PD:018

SOURCE: FD

SOURCE: LAP-PD-918—Go for the Goal (Goal Setting)

81. C

Influences consumers' financial decisions. There are several factors that influence consumers' financial decisions, including taxes, inflation, personal circumstances, and the economic environment. This example demonstrates how the cost of taxes can influence consumers' financial decisions. Ryan and Maria decided to move to one city over another because the cost of property taxes there was more affordable. This example does not necessarily demonstrate how the cost of taxes is more important to consumers than quality of life, or that taxes deplete consumers' quality of life. Property taxes are not dictated by consumer trends.

SOURCE: PD:017

SOURCE: FD

SOURCE: Glassberg, A. (2019, April 1). *The importance of incorporating taxes into your financial plan*. Retrieved October 19, 2021, from <https://savantwealth.com/savant-views-news/article/the-importance-of-incorporating-taxes-into-your-financial-plan/>

82. D

Trade associations. A trade association is a group of persons in the same industry who form a society to solve their common problems. Trade associations provide in-depth information about various jobs in their industries. This information includes skills, training, and education necessary to perform particular jobs in specific industries. Much of this information is often found on a trade association's website. The website might also provide links to other resources that have additional information about the field or industry. Local newspapers, college recruiters, and marketing consultants might be able to provide general career information about a specific field or topic of interest.

SOURCE: PD:022

SOURCE: EI

SOURCE: Entrepreneur. (2021). *Trade association*. Retrieved October 19, 2021, from <https://www.entrepreneur.com/encyclopedia/trade-association>

83. A

Maria's parent is a microbiologist. Aptitudes are innate and may be inherited. Interests are influenced by outside forces, such as friends, classes, or tools such as the microscope. A person's ethics influence their beliefs, interests, and choices.

SOURCE: PD:023

SOURCE: EI

SOURCE: Johnson O'Connor Research Foundation. (n.d.). *Interests vs. aptitudes*. Retrieved on October 19, 2021, from <http://www.jocrf.org/aptitudes/interests-vs-aptitudes>

84. B

License. Employees in certain professions must be licensed, which means that they must pass an examination to prove that they are qualified. The license verifies that the individual has completed the necessary training and met specific state, local, or professional requirements. Some careers that require licensing include nursing, medicine, teaching, engineering, finance, accounting, cosmetology, and child care. A sponsor is a business, individual, or organization that pays the costs of promotion. A charter, or certificate of incorporation, is a permit issued to operate as a corporation. A patent is legal protection of an invention or a process granted by government to its owners for a certain number of years.

SOURCE: PD:025

SOURCE: EI

SOURCE: LAP-PD-025—Go for It! (Careers in Business)

85. B

Conduct a self-analysis to find out what you value in a job. Before starting the job hunt, it's important to think about what you want in a job. You should ask yourself what you value and what sort of work you want to do. This will make your job search easier and make you less likely to end up in a job that doesn't suit you. You shouldn't let all of your contacts know you're looking for a job until you have a clear idea of what type of job you want. Cover letters are included when you apply for jobs, which comes after self-analysis. Your list of references will be contacted by potential employers after you apply.

SOURCE: PD:026

SOURCE: EI

SOURCE: Net Impact. (2021). *Six steps to job search success*. Retrieved October 19, 2021, from <https://netimpact.org/careers/six-steps-to-job-search-success>

86. C

By writing "open" in the blank after the salary question. Using the term "open" means that the subject of salary is open for discussion. This protects the applicant from losing their chance to be interviewed or hired because they asked for too much money or from receiving a low salary because they asked for too little. Asking for a low salary to get a job could lock the applicant into a low salary range for a period of time. If the applicant is interviewed for the job, they can discuss salary at that time.

SOURCE: PD:027

SOURCE: EI

SOURCE: Indeed. (2021, June 4). *Interview question: "What are your salary expectations?"* Retrieved October 19, 2021, from <https://www.indeed.com/career-advice/interviewing/interview-question-what-are-your-salary-expectations>

87. B

Summarize why you are a good candidate for the job. A cover letter serves as a way to introduce yourself, express your interest in a job with the company, and briefly describe why you are a good candidate for the job. Job seekers should provide a list of references in a separate document. Critical information should be included in the resume rather than the cover letter. Job seekers should not indicate their availability for interviewing in a letter of application.

SOURCE: PD:030

SOURCE: EI

SOURCE: Indeed. (2021, August 23). *How to write a cover letter (Plus tips and examples)*. Retrieved October 19, 2021, from <https://www.indeed.com/career-advice/resumes-cover-letters/how-to-write-a-cover-letter>

88. A

Have a trusted friend or colleague proofread it. It's important to make sure your resume is free of misspellings and grammar mistakes. Having someone proofread your resume is one way to help make sure it's error free. You should use basic, easy-to-read fonts instead of those that are unique and eye-catching. Although it's important to use key words from the job description in your resume, you shouldn't simply copy and paste. Doing so won't impress employers. You should not include graphics or photos in your resume.

SOURCE: PD:031

SOURCE: EI

SOURCE: Indeed. (2021, July 14). *27 proofreading tips that will improve your resume*. Retrieved October 19, 2021, from <https://www.indeed.com/career-advice/resumes-cover-letters/proofreading-tips-that-will-improve-your-resume>

89. D

Sign up for mobile/online banking. Most banks now offer online banking services to customers with personal checking accounts. Online banking is convenient, fast, and easy—and allows you to take care of most of your financial business without a visit to the bank. Personal checking accounts generally do not allow you to invest in the stock market, earn interest, or diversify your stock portfolio. You would need to use other financial products and services to do those things.

SOURCE: PD:154

SOURCE: SS

SOURCE: Bank of America. (2021). *8 tips for getting the most out of your checking account*. Retrieved October 19, 2021, from <https://bettermoneyhabits.bankofamerica.com/en/personal-banking/checking-account-information>

90. D

Mortgage loans are secured with collateral. Since mortgages are secured with the collateral of a house, a bank can foreclose on the house if the owner is unable to repay the debt. Risking the loss of a home to eliminate the unsecured debt of a credit card is not a wise move. Lending institutions offer other loan products that can help a person manage credit card debt without risking the loss of their home. Mortgage interest rates are typically lower than credit card rates. A person's method of financing doesn't necessarily lead to excessive spending. Mortgage loans and home equity lines of credit are considered secured debt because they are backed by collateral.

SOURCE: PD:155

SOURCE: CD

SOURCE: Kissell, C. (2019, February 25). *Is a HELOC a smart way to pay off credit card debt?* Retrieved October 19, 2021, from <https://creditcards.usnews.com/articles/is-a-heloc-a-smart-way-to-pay-off-credit-card-debt>

91. A

Financially. Automobile insurance protects you financially by helping reduce the amount of money you need to pay out of pocket for repairs, damages, theft, etc. Because she has automobile insurance, Raina didn't have to pay as much to repair the damage to her car from the hailstorm. Automobile insurance can help protect you by reducing medical bills and legal fees in the event of an accident, but these protections are not demonstrated in this example. Automobile insurance does not protect you culturally.

SOURCE: PD:319

SOURCE: RM

SOURCE: Allstate. (2019, December). *6 reasons why you need car insurance*. Retrieved October 19, 2021, from <https://www.allstate.com/tr/car-insurance/why-auto-insurance.aspx>

92. B

Original costs. A home inventory should include the numbers of items, when they were purchased, and the original cost. Replacement cost refers to the amount of money required to replace lost items with new purchases and can only be determined after a loss occurs. Actual cash value is the depreciated remaining value of an item and is determined at the time of a loss. A rider adds insurance coverage for expensive items like jewelry or collectibles.

SOURCE: PD:321

SOURCE: RM

SOURCE: State Farm. (2021). *How to create a home inventory*. Retrieved October 19, 2021, from <https://www.statefarm.com/simple-insights/residence/home-inventory-how-to-create-one>

93. B

Promotions. One way to advance in a career is to be promoted. Businesses often promote from within and consider certain traits and qualities when reviewing employees for promotion. Employees who are willing to accept more responsibility and continue to learn about all aspects of the business are likely to be promoted. These employees are behaving in a way that indicates they are capable of doing more and are ready to accept new challenges. These employees often obtain additional training on their own or regularly participate in training offered by the business. Transfers involve moving to other jobs or to other locations. Not all transfers are promotions. Some transfers are on the same level, while others may be demotions. Employees who are willing to accept more responsibility and continue to learn about the business usually do not need counseling.

SOURCE: PD:034

SOURCE: EI

SOURCE: Cooks-Campbell, A. (2021, June 17). *How to get promoted, the do's and don'ts*. Retrieved October 19, 2021, from <https://www.betterup.com/blog/how-to-get-promoted>

94. B

Actual customers. When shopping for a broker, the most helpful references come from actual customers. When a customer has been with a broker for several years and through several ups and downs in the market, they will be able to tell you a lot about the broker's value to the individual investor. A licensing agency can only tell you whether or not the broker holds the proper credentials and can perhaps give you some basic information about complaints filed. You may be able to gather information from newspaper/magazine advertisements or even from the broker's colleagues, but the information will not be as useful to you as talking to another investor who's in the same position as you.

SOURCE: PD:234

SOURCE: IN

SOURCE: Fries, T. (2021, April 8). *How to choose a stock broker*. Retrieved October 19, 2021, from <https://tokenist.com/investing/how-to-choose-your-first-broker-quick-guide/>

95. C

It indicates the price the investor is willing to pay. A buy limit order allows an investor to buy a stock at a specified price. While market orders are filled at the current price, a limit order is filled when the stock reaches the price the investor has indicated on the submitted ticket order. Since the investor also indicates how long they wish the order to remain open, a limit order is only filled if, and when, it reaches the requested price. For this reason, limit orders are not typically filled on the same day of the request. Limit orders are not guaranteed; they are only fulfilled if the stock reaches the requested price and the stocks requested are available in the marketplace.

SOURCE: PD:236

SOURCE: IN

SOURCE: Kramer, M. (2021, January 28). *Limit order*. Retrieved October 19, 2021, from <https://www.investopedia.com/terms/l/limitorder.asp>

96. C

Businesses that protect consumers are protecting themselves. Consumer protection is business protection. When businesses protect consumers, they are protecting themselves from financial losses caused by consumer lawsuits, government fines, defective products that cannot be sold, and unsafe products that must be removed from the market. Businesses that follow consumer protection practices benefit by creating a positive image of social responsibility. They earn the reputation of caring about consumers as people and not just as sources of profit. This creates customer loyalty for the business which usually leads to greater profits. Negative publicity hurts a business's image. Lawsuits filed by product users are an expense for the business and can damage the business's reputation.

SOURCE: PM:017

SOURCE: FD

SOURCE: LAP-PM-007—Protect and Serve (Consumer Protection)

97. A

Recall or ban the doll. Product recall is the removal from the marketplace of a product that is defective or hazardous to consumers. This doll should be recalled before further injuries occur. Testing products before they enter the marketplace, reviewing safety standards, and providing warnings and instructions are consumer protection measures that should already have taken place.

SOURCE: PM:017

SOURCE: FD

SOURCE: LAP-PM-007—Protect and Serve (Consumer Protection)

98. B

To cover financial losses related to claims of negligence. Liability insurance is a basic form of insurance that covers individuals and businesses from financial losses that result when others claim the insured exhibited negligent behavior. For example, commercial liability insurance covers medical and legal expenses related to a customer's accident on the business's property. It may also cover injuries that result from malfunctioning products. Although liability insurance can reduce financial losses due to accidents, it cannot prevent accidents from occurring. Hurricane and flooding insurance are insurance riders available to individuals and businesses in areas that are most likely to experience these types of natural disasters (e.g., coastal communities). Liability insurance is not used to manage investment earnings and long-term wealth.

SOURCE: PD:322

SOURCE: RM

SOURCE: Kagan, J. (2020, October 30). *Liability insurance*. Retrieved October 19, 2021, from https://www.investopedia.com/terms/l/liability_insurance.asp

99. A

After the cost of the new car is agreed upon. It's important to determine the true price of a new car before you include a possible trade-in. If you reveal that you want to trade in your current vehicle prior to negotiating the price of the new car, it's easy to become confused about the actual cost of the new car versus the value of the trade-in. Sharing information prior to negotiating the cost of the new car can also result in a lower offer for your trade-in.

SOURCE: SE:392

SOURCE: FD

SOURCE: Linkov, J. (2021, July 20). *How to negotiate a new-car price effectively*. Retrieved October 19, 2021, from <https://www.consumerreports.org/car-pricing-negotiation/how-to-negotiate-a-new-car-price-effectively/>

100. D

To obtain financing from a lender or investor. The main motivation for a startup company to write a business plan is to obtain financing to fund the business. Determining if the business meets a need or a want is done long before a formal business plan is developed. An established business may write a business plan to prepare for expansion or to determine a value for the business.

SOURCE: SM:007

SOURCE: EI

SOURCE: LAP-SM-007—Plan Now, Succeed Later (Nature of Business Plans)