



## 2.7.1 Review: Income and Budgeting

Review

Financial Literacy (S4554146)

Rahul Shah

Date: \_\_\_\_\_

Use your notes from the studies to begin your review. Check the questions and answers from the study sheets you got on the first page of each study.

Also review the key terms for each lesson. They're found on each lesson overview page. Make sure you know what each key term means before you take the test.

The following checklist will help you figure out if you're ready to take the test. If you check "No" for any question, go back to the lesson and activity where the information appears and review that information.

Question	Example	Yes	No
<b>Lesson 1: Types of Income</b>			
Do you know the difference between <i>hourly rate</i> and <i>salary</i> ?	Write a description.		
Do you know how to compare hourly wage and salary?	Write the conversion formula.		
Do you know how to fill out a <i>time card</i> ?			
Do you know how to calculate total pay, including overtime pay and tips?			
<b>Lesson 2: Compensation Packages</b>			
Can you define <i>compensation</i> ?			
Can you describe what is included in a <i>compensation package</i> ?	List four types of benefits typically included.		
Can you define <i>insurance premium</i> ?			
Do you know the purpose of <i>life insurance</i> ?			
Can you calculate the total value of a benefit?			
Can you list three types of common <i>retirement plans</i> ?			
Do you know how a <i>401(k) plan</i> works?	Who typically contributes to an employee's 401(k) plan?		
Can you determine pay per workday?	Write the formula to determine pay per workday.		
Can you compare two compensation packages?	What should you consider besides monetary value?		
<b>Lesson 3: Required and Optional Deductions</b>			
Can you define <i>take-home pay</i> ?			

Do you know the difference between <i>net income</i> and <i>gross income</i> ?			
Do you understand how deductions affect net income?	What are four optional and four required deductions that adjust take-home pay?		
Can you define <i>income tax</i> ?			
What is <i>Medicare</i> ?			
What is <i>Social Security</i> ?			
What does <i>FICA</i> mean?			
Do you know how to calculate FICA deductions?	What are the two FICA programs and what percentage of income is withheld?		
Can you compare different taxation methods?	Define flat tax and progressive tax.		
Do you understand what <i>disability insurance</i> is?			
Do you understand what <i>pretax income</i> is?	List the deductions that reduce your pretax income.		
Can you describe the benefits of a <i>401(k) plan</i> ?	Is there a difference between putting your money in a savings account or a 401(k)?		

#### Lesson 4: Taxation

Do you know how to define <i>taxable income</i> ?			
Do you know how taxable income is calculated?	Write the formula.		
Can you define a <i>dependent</i> ?	List three examples.		
Can you define an <i>adjustment</i> to income?			
Can you define a <i>deduction</i> ?			
Can you define an <i>exemption</i> ?			
Do you know what is considered income?	List three things considered income.		
Can you describe a <i>W-4 form</i> ?	When is the form given?		
Can you describe a <i>W-2 form</i> ?	When is the form given?		
Can you define <i>filing status</i> ?	List four filing statuses.		
Do you know what a <i>standard deduction</i> is?			
Can you define a <i>tax table</i> ?			

#### Lesson 5: Budgeting and Cost of Living

Do you understand the purpose of a <i>budget</i> ?	List five expenses that should be included in a budget.		
Do you understand how data is displayed using a			

<i>pie chart?</i>			
Do you understand how geographic location affects <i>cost of living</i> ?	Be sure to consider factors besides the cost of goods.		
<b>Lesson 6: Inflation, Deflation, and Recession</b>			
Do you know how to explain <i>inflation</i> ?	Give a historical example.		
Do you know how to explain a <i>recession</i> ?			
Do you understand what <i>deflation</i> is?	Write a description.		
Can you explain how deflation and inflation affect the nation's economy?	Write a description.		
Can you define what <i>purchasing power</i> means?			
What does <i>CPI</i> stand for, and what is its definition?			

Copyright © 2012 Apex Learning Inc. (See [Terms of Use](http://www.apexvs.com/TermsOfUse) at www.apexvs.com/TermsOfUse)