

## PERSONAL FINANCE

1. A legal document that establishes ownership is a(n):
  - a. acceptance
  - b. deed
  - c. lien
  - d. title

**Competency:** Financial Principles Related to Personal Decision Making

**Task:** Evaluate how decisions made at one stage of your life can affect your options at other stages.

2. When interest rates are high, the average consumer will:
  - a. buy less
  - b. not change spending patterns
  - c. buy nothing at all
  - d. save less

**Competency:** Financial Principles Related to Personal Decision Making

**Task:** Make financial decisions by systematically considering alternatives and consequences.

3. Which one of the following is money paid by one former spouse to support the other?
  - a. child support
  - b. property settlement
  - c. alimony
  - d. divorce decree

**Competency:** Earning A Living (income, taxes)

**Task:** Identify components and sources of personal income.

4. With \_\_\_\_, the bank deducts payments from your account and transfers them to the appropriate companies.
  - a. automatic teller machines
  - b. automatic bill payment
  - c. direct deposit
  - d. credit cards

**Competency:** Earning A Living (income, taxes)

**Task:** Define exemptions, dependents, and taxable and not taxable income.

5. A blueprint or plan for managing all aspects of a person's money is called:
- a focus plan
  - financial planning
  - architectural management
  - an undesirable financial burden

**Competency:** Managing Budgets and Finance

**Task:** Develop and implement a personal financial plan for earning, spending, saving and investing.

6. A corporation's net, or after-tax, earnings divided by the number of outstanding shares of common stock is a measurement of a company's performance referred to as:
- earnings per share
  - current yield
  - price-earnings (PE) ratio
  - dividend

**Competency:** Saving and Investing

**Task:** Define investment terms including risk management, yields, and rate of return.

7. Which of the following accounts is the most liquid?
- savings account
  - certificate of deposit
  - money market account
  - checking account

**Competency:** Saving and investing

**Task:** Compare and choose among saving and investment options such as stocks, bonds, CDs, and 401K saving plans.

8. You will receive the greatest gain on your principal if interest is compounded
- daily.
  - semiannually.
  - annually.
  - quarterly.

**Competency:** Saving and Investing

**Task:** Compute the anticipated rate of return on specific investments and savings accounts using various factors such as simple or compound interest, dividends, fees, etc.

9. A labeling method that indicates the freshness, or shelf life, of a perishable product is:
- unit pricing
  - contract
  - open dating
  - warranty

**Competency:** Buying Goods and Services

**Task:** Evaluate information about products and services such as warranties, clearance items, and consumer reports.

10. What does HMO stand for?
- Hospitalization and Medical Organization
  - Health and Medical Organization
  - Health Medical Organization
  - Health Maintenance Organization

**Competency:** Banking and Insurance

**Task:** Identify the purpose, importance and major characteristics of health, disability, and life insurance protection.

**Personal Finance Answer Key**

- 1) D
- 2) A
- 3) C
- 4) B
- 5) B
- 6) A
- 7) D
- 8) A
- 9) C
- 10) D

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