**Contestant Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Time: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Rank: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**



**PERSONAL FINANCIAL MANAGEMENT**

(165)

**REGIONAL 2022**

**CONCEPT KNOWLEDGE:**

Multiple Choice (30 @ 2 points each) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (60 points)

**APPLICATION KNOWLEDGE:**

Short Answer (18 @ 3 points each) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (54 points)

***TOTAL POINTS*** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ***(114 points)***

**Test Time: 60 minutes**

**GENERAL GUIDELINES:**

*Failure to adhere to any of the following rules will result in disqualification:*

1. Member must hand in this test booklet and all printouts if any. Failure to do so will result in disqualification.
2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests (handwritten, photocopied, or keyed) are allowed in the testing area.
3. Electronic devices will be monitored according to ACT standards.

**EXAM GUIDELINES:**

The number of decimal places used in calculations and in the reporting of your answers is very important. Below are guidelines to use as you take this test. If a problem varies from these guidelines, it will be noted in the problem.

**PERCENTAGE PROBLEMS**

* Round to the nearest tenth when working with percentages.

***Example:*** Use 2.3% NOT 2%

***Example:*** An answer of .9638 should be written as 96.4%

**INTEREST**

* All interest rates are stated in one-year simple interest, *unless otherwise noted.*
* Interest is to be calculated on 360 days.

**DOLLAR AMOUNTS**

* All dollar amounts must be rounded to the second place (nearest cent).

***Example:*** $35.9765 to $35.98

**Concept Knowledge** – Determine the *best* answer to each of the following multiple choice questions.

1. Under the rule of 72, how long will it take an investment earning 6% annually to double in value?
   1. 3 years
   2. 6 years
   3. 10 years
   4. 12 years
2. A small, fixed amount required by a health insurer to be paid by the insured for each outpatient visit is known as a \_\_\_\_\_\_.
   1. deductible
   2. claim
   3. co-pay
   4. premium
3. In general, given the same amount of income, which situation would result in the highest amount of income tax deducted?
   1. Married person with one child
   2. Married person with no children
   3. Single person with one child
   4. Single person with no children
4. When developing a budget, which of the following is related to the secondary budget category?
   1. wants
   2. needs
   3. savings
   4. taxes
5. \_\_\_\_\_ is (are) the portion of earnings a corporation pays to its shareholders.
   1. Retained earnings
   2. Dividends
   3. Common stock
   4. Preferred stock
6. A tip for a college student to improve their credit score is to .
   1. only stay in a part-time job for a couple of months
   2. apply for several credit cards
   3. open and maintain a checking account
   4. pay off a credit card bill no more than two weeks late
7. What agency is responsible for overseeing federal income taxes?
   1. Securities and Exchange Commission
   2. Federal Deposit Insurance Corporation
   3. Federal Reserve
   4. Internal Revenue Service
8. Which of the following means debt?
   1. Liability
   2. Owner’s Equity
   3. Expense
   4. Asset
9. Which of the following represents the best credit score?
   1. 100
   2. 500
   3. 800
   4. 1,100
10. What service is generally *not* included in most health insurance plans?
    1. Hospital stay
    2. X-ray
    3. Annual well-check
    4. Cosmetic Surgery
11. What date is known as tax day in the United States?
    1. January 31
    2. March 15
    3. April 15
    4. December 31
12. What is the formula for simple interest?
    1. P + R + T
    2. P + R X T
    3. P X R + T
    4. P X R X T
13. The credit limit on your bank credit card \_\_\_\_\_.
    1. is the point at which a higher interest rate on purchases goes into effect
    2. defines the amount of money you can borrow against your credit card
    3. is the maximum outstanding balance on your credit card you are allowed to have at any point in time
    4. is the highest amount of a single purchase you can make on your credit card at any time
14. What type of insurance covers damage to your car when you cause the accident?
    1. Liability
    2. Collision
    3. Comprehensive
    4. Uninsured motorist
15. Which of the following retirement accounts typically includes a company match into the employee’s account?
    1. 401(k)
    2. Mutual Fund
    3. Traditional IRA
    4. Roth IRA
16. What agency protects your savings in a bank?
    1. Securities and Exchange Commission
    2. Federal Deposit Insurance Corporation
    3. Federal Reserve
    4. Internal Revenue Service
17. At what age must you begin taking withdrawals from a traditional IRA?
    1. 59 ½
    2. 62
    3. 65
    4. 72
18. Your gross income for the month is $6,275. Your withholdings for the month include $1,520 in taxes and $300 for a 401(k) account. You have monthly fixed expenses of $3,160. What is your monthly discretionary spending?
    1. $1,295
    2. $1,595
    3. $3,115
    4. $4,455
19. Which of the following is *not*one of the three common credit reporting agencies?
    1. Equifax
    2. Experian
    3. Mastercard
    4. [Transunion](http://www.freecreditreport.com/)
20. What investment example best illustrates diversification?
    1. Investing 3% of your salary monthly into the stock of the company you work for.
    2. Having a portfolio that includes treasury notes, various stocks in different economic sectors, and a Certificate of Deposit at your bank.
    3. Buying several different stocks in the technology sector along with a Certificate of Deposit.
    4. Putting most of your money into an ETF.
21. Which of the following is *not*an advantage of establishing an IRA?
    1. The growth of an IRA is tax-free until the money is withdrawn from the account.
    2. The withdrawals from an IRA can be made at any time without penalty.
    3. The contributions to an IRA may be partially or fully tax-deferred.
    4. You determine the level of risk and rate of return when you select the IRA.
22. Which of the following is *not* a deduction from an employee paycheck?
    1. Federal Income Tax
    2. 401(k) withholding
    3. Federal Unemployment Tax
    4. Medical Insurance
23. What is the age that most can receive a credit card without showing an ability to independently repay a debt or having a cosigner?
    1. 16
    2. 18
    3. 21
    4. 25
24. You are issued a Visa credit card by 1st National Bank and make a $200 purchase at Target using your new credit card. When you receive your statement a month later, who do you pay the $200 to?
    1. Target
    2. 1st National Bank
    3. Visa
    4. A combination of all three depending on the fees charged.
25. You invest $500 into a 4%, 1-year Certificate of Deposit. At the end of that year, how much interest will you have earned?
    1. $ 20
    2. $100
    3. $200
    4. $500
26. What is the name of the most widely quoted stock index in the United States?
    1. Russell 2,000
    2. S&P 500
    3. Dow Jones Transportation Average
    4. Dow Jones Industrial Average
27. What tax form does each employee complete upon beginning their employment, showing their marital status and number of deductions they are wishing to claim?
    1. Form W-4
    2. Form W-2
    3. Form 1099
    4. Form 1040
28. Which of the following employees would not be eligible for healthcare coverage under the Affordable Care Act?
    1. Full-time employee of a partnership with 500 employees
    2. Part-time employee of a corporation with 1,000 employees
    3. Full-time employee of a corporation with 1,000 employees
    4. Full-time employee of a proprietorship with 100 employees
29. At what age may you begin to withdraw money without penalty from your 401(k) plan?
    1. 59 1/2
    2. 65
    3. 70 ½
    4. 72
30. What organization determines interest rates?
    1. Federal Reserve
    2. Congress
    3. National Credit Card Council
    4. Department of the Treasury

**Application Knowledge** – Read each problem and answer the questions in the space provided.

(3 points each)

1. Miles Talbot received a new credit card on November 1st. The terms on the credit card include a $30 fee for late payments, and an 18% APR. The APR is applied to the average daily balance for the applicable period, and uses 360 days in a year. Miles makes the following purchases for the months of November and December.

* $100 on November 1st
* $400 on November 16th
* $75 on December 10th
* $100 on December 20th

Miles credit card statement is created at the close of business on November 30th, making the period 30 days. The credit card statement shows a minimum payment of $20 due on December 21st.

* 1. What is the November 30th statement balance?
  2. How much does Miles have to pay to avoid paying a late fee?
  3. If Miles pays his November balance in full by the

December 21st due date, how much will he be charged in interest?

* 1. Assuming he pays the November balance in full and by

December 21st, what will be the outstanding balance on the

December 31st statement?

* 1. If Miles makes a payment of $20 on December 21st, will he

get charged the late fee?

* 1. If Miles does not make any payment toward his November

balance, what will be his credit card balance on December 31st?

1. Shay Hendricks creates an online investment account for herself. The account charges a 1% fee per transaction. Shay has the following stock transactions during 2022.

* Bought 50 shares of Pendant Publishing @ $45.90
* Bought 10 shares of Vandalay Industries @ $289.10
* Bought 20 shares of Constanza Architecture Corp @ $185.50
* Sold 50 shares of Pendent Publishing @ $52.80
  1. How much money did Shay get charged in fees?
  2. Before selling Pendent Publishing, which stock represented

the biggest percentage of her investment portfolio?

* 1. What percentage did that stock represent of her portfolio?
  2. Ignoring any fees, how much did Shay make on the

Pendant Publishing sale?

* 1. Ignoring any fees, what percentage return did Shay

receive on her sell?

* 1. On December 31st, 2022, respective stock prices were:

Pendant Publishing $50.75;

Vandalay Industries, $305.60;

Constanza Architecture $189.72. What is the value of

Shay’s portfolio at the end of 2022?

1. Roberto Diaz’s homeowner’s insurance policy fully covers his home and property with an appraisal value of $300,000. The policy includes a deductible of $7,500. Roberto pays a quarterly premium of $425 for the policy. In April of 2022, Roberto’s house was damaged in a storm. The total cost to repair the damage was $13,640.
   1. How much does Roberto pay annually in premiums?
   2. What will Roberto pay out of pocket to repair the damage?
   3. How much will Roberto’s insurance pay for the repairs?
2. Cassie Castillo graduated with a BS in Accounting in 2021 and took a job with one of the Big Four accounting firms. Her starting salary in June of 2021 was $58,000. On her anniversary date in June of 2022, she will receive a promotion that includes an increase of 5.3% to her salary. Cassie’s tax bracket is 22% for federal tax, and 3.5% for state tax. Cassie is paid biweekly, and has $75 deducted from each paycheck for health insurance.
   1. How much will Cassie’s new annual salary be in June of 2022?
   2. What is Cassie’s net pay on each paycheck in December 2021?
   3. What will be Cassie’s net pay on each paycheck in July of 2022?