

Member ID: _____

Time: _____

Rank: _____



BANKING AND FINANCE

(145)

REGIONAL 2023

CONCEPT KNOWLEDGE:

Multiple Choice (25 @ 2 points each) _____ (50 points)

APPLICATION KNOWLEDGE:

Short Answer (8 @ 2 points each) _____ (16 points)

Job 1: Certificates of Deposit (10 @ 3 points each) _____ (30 points)

Job 2: Check Register (11 @ 2 points each) _____ (22 points)

TOTAL POINTS _____ (***118 points***)

Test Time: 60 minutes

GENERAL GUIDELINES:

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

1. Contestant 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:

You will have 60 minutes to complete your work.

Your name and/or school name should NOT appear on any work you submit for grading. Write your contestant number in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

- Round all calculations to two decimals at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Multiple Choice: Identify the letter of the choice that *best* completes the statement or answers the question.

1. Which of these is not a source of earned income?
 - A. Gross pay
 - B. Net pay
 - C. Savings account interest
 - D. Overtime Pay
2. Which of these are a required deduction from gross pay?
 - A. 401K contribution
 - B. Health insurance
 - C. Life Insurance
 - D. FICA
3. On which of these items could an excise tax be charged?
 - A. Eggs
 - B. Gasoline
 - C. Income
 - D. Property
4. The current Social Security tax rate for each employee is _____.
 - A. 1.45%
 - B. 2.9%
 - C. 6.2%
 - D. 12.4%
5. A form used to report taxable income and deductions is a _____.
 - A. W-2
 - B. W-4
 - C. 1099
 - D. 1040
6. Which type of inflation happens when producers raise prices because their expenses to create products are increasing?
 - A. Demand-pull
 - B. Cost-push
 - C. Hyperinflation
 - D. Reflation
7. Which federal agency oversees the stock exchanges?
 - A. CPSC
 - B. FTC
 - C. SEC
 - D. BBB

8. How is a person's net worth determined?
 - A. Checking Account + Savings Account + Investments
 - B. Assets – Liabilities
 - C. Gross Pay – Taxes
 - D. Net Pay – Taxes
9. How much does the FDIC insure checking accounts for?
 - A. 100,000 per depositor per account category
 - B. \$250,000 per depositor per account category
 - C. \$100,000 per family per bank
 - D. \$250,000 per family per bank
10. What is typically the largest fee assessed by a bank?
 - A. Out of network ATM fee
 - B. Monthly statement fee
 - C. In network ATM fee
 - D. Overdraft fee
11. What type of endorsement includes the words "For Deposit Only"?
 - A. Restrictive
 - B. Special
 - C. Blank
 - D. Proprietary
12. Which of the following statements is true?
 - A. Banks must allow you to opt-out of overdraft protection.
 - B. Banks can legally opt you in for overdraft protection without your permission.
 - C. With overdraft protection you will never be charged a fee for nonsufficient funds.
 - D. With overdraft protection, you will not be able to make a purchase with nonsufficient funds in your account.
13. Purchasing insurance is an example of _____.
 - A. risk reduction
 - B. risk avoidance
 - C. risk transfer
 - D. risk assumption
14. The type of life insurance that builds cash value is _____.
 - A. Whole Life
 - B. Decreasing Term
 - C. Renewable Term
 - D. Convertible Term

15. Renter's insurance protects all of these except _____.
 - A. Personal property
 - B. Liability risks
 - C. Building structure
 - D. All of the other answers are correct
16. Which automobile insurance is required in most states?
 - A. Collision
 - B. Full Coverage
 - C. Liability
 - D. No-Fault
17. Which of these types of credit allows you to charge to an account repeatedly?
 - A. Installment credit
 - B. Secured loan
 - C. Revolving credit
 - D. Signature loan
18. Which is not an advantage of using credit?
 - A. Rewards program
 - B. Finance charges
 - C. Leverage
 - D. Convenience
19. Which credit legislation caps penalty fees charged to credit customers?
 - A. Truth in Lending Act
 - B. Fair Credit Reporting Act
 - C. Fair Credit Billing Act
 - D. Credit Card Act of 2009
20. When performing a bank statement reconciliation, how would the service charge be handled?
 - A. Deducted from the checkbook balance
 - B. Added to the checkbook balance
 - C. Deducted from the bank statement balance
 - D. Added to the bank statement balance
21. Where is the best place to store money for an emergency fund?
 - A. Certificate of Deposit
 - B. Checking account
 - C. Savings bonds
 - D. Savings account

22. Which one of these is not considered a retirement account?
- A. 401(k)
 - B. Roth IRA
 - C. Mortgage
 - D. Traditional IRA
23. Which of these measures the performance of an investment?
- A. Rule of 72
 - B. 50/30/20 Rule
 - C. Debt to Equity Ratio
 - D. ROI
24. The trading of one currency for another is known as _____.
- A. commercial paper
 - B. a stock transaction
 - C. foreign exchange
 - D. demand deposit
25. Which of the following is the riskiest investment?
- A. Buying a blue-chip stock
 - B. Depositing money in a 3-year CD
 - C. Investing in a futures contract
 - D. Buying one of Apple's corporate bonds

Short Answer: Calculate your answers and write on the blanks for each question.

1. You have a credit card balance of \$1,000 you carried over from last month. Your APR on the card is 18% and your minimum payment is 3% of the balance. What is the monthly interest you will be charged and what is your minimum payment?
- A. Monthly Interest: _____
 - B. Minimum Payment: _____
2. You bought an investment for \$500 on February 1, 2022 and sold it for \$525 on January 31, 2023. What is your capital gain and what is your return on investment?
- A. Capital Gain: _____
 - B. ROI: _____
3. Calculate regular pay and overtime pay if you earn \$9.50/hour for 40 hours and earn time and a half for overtime pay of 5 hours.
- A. Regular Pay: _____
 - B. Overtime Pay: _____

4. You earn an annual salary of \$32,540 and are paid once a month. Calculate how much annual tax is withheld from your salary based on the income tax table. Calculate how much is deducted per pay period.

First \$1,000	1.5%
Next \$2,000	3.0%
Next \$2,000	4.5%
Over \$5,000	5%

A. Annual Tax: _____

B. Deduction per pay period: _____

Production Section: Complete the tables.

JOB 1 – Certificates of Deposit – 3 points each; 30 points total

Find the interest earned and the maturity value of each CD listed below. Assume simple interest for each CD.

CD Terms	Amount Invested	Interest Earned	Maturity Value
3-month, 1.5%	\$5,000		
6-month, 1.8%	\$1,200		
1-year, 2.0%	\$3,000		
3-year, 2.75%	\$1,500		
5-year, 3.15%	\$2,250		

JOB 2 – Check Register – 2 points each, 22 points total

Find the balance of your checking account after each of the following transactions. The beginning balance is \$2,500.

Transaction	Amount	Balance
Beginning Balance		\$2,500.00
Wrote Check 132 for Rent	\$900.00	
Payroll Direct Deposit	\$1,652.75	
Bought groceries using debit card	\$121.50	
Ordered clothes online, paid with debit card	\$214.15	
Deposited money and checks	\$450.00	
Wrote check 133 for car repairs	\$633.85	
Received notice of online utility bill payment	\$420.00	
ATM withdrawal made	\$200.00	
ATM Fee	\$3.00	
Wrote check 134 for lawn care	\$65.00	
Received statement showing monthly service charge	\$3.00	