

Contestant Number: _____

Time: _____

Rank: _____



PERSONAL FINANCIAL MANAGEMENT (165)

REGIONAL 2023

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. Enter the answer into the system if taking the test digitally or place the answer on the scantron form provided if taking the test manually. (2 points each)

1. Under the rule of 72, how long will it take an investment earning 6% annually to double in value?
 - A. 3 years
 - B. 6 years
 - C. 10 years
 - D. 12 years
2. In general, given the same amount of income, which situation would result in the highest amount of income tax deducted?
 - A. Married person with one child
 - B. Married person with no children
 - C. Single person with one child
 - D. Single person with no children
3. Which of the following represents the best credit score?
 - A. 200
 - B. 600
 - C. 800
 - D. 1,500
4. What is the formula for simple interest?
 - A. Principal X Rate / Time
 - B. Principal X Time / Rate
 - C. Principal / Time / Rate
 - D. Principal X Rate X Time
5. The credit limit on your bank credit card _____.
 - A. is the point at which a higher interest rate on purchases goes into effect.
 - B. is the amount you must payback each month to avoid fees.
 - C. is the maximum outstanding balance on your credit card you are allowed to have at any point in time.
 - D. is the highest amount for a single purchase you can make on your card.
6. The FDIC will protect your money deposited into a bank account up to _____.
 - A. \$100,000
 - B. \$150,000
 - C. \$250,000
 - D. \$500,000

7. Which of the following retirement accounts typically includes a company match into the employee's account?
 - A. 401(k)
 - B. Certificate of Deposit
 - C. Traditional IRA
 - D. Roth IRA
8. What investment scenario best illustrates diversification?
 - A. Participating in your company's stock purchase plan each pay period.
 - B. Having a portfolio that includes treasury notes, various stocks in different economic sectors, and a Certificate of Deposit at your bank.
 - C. Buying several different stocks in the Finance sector, some banks, some credit card companies, and some investment firms.
 - D. Investing most of your money into a Technology ETF.
9. Which of the following is **not** a deduction from an employee paycheck?
 - A. Social Security Tax
 - B. 401(k) withholding
 - C. Federal Unemployment Tax
 - D. Medical Insurance
10. You are issued a Visa credit card by Chase Bank and make a \$500 purchase at Target using your new credit card. Who do you pay your \$500 payment to next month when your bill is due?
 - A. Target
 - B. Chase Bank
 - C. Visa
 - D. A combination of all three depending on how your credit card is structured.
11. What is the name of the most widely quoted stock index in the US?
 - A. Nikkei 225
 - B. S&P 500
 - C. Dow Jones Transportation Average
 - D. Dow Jones Industrial Average
12. When beginning a job, what tax form does each employee complete, showing their filing status and number of allowances they are wishing to claim?
 - A. Form W-4
 - B. Form W-2
 - C. Form 1099
 - D. Form 1040

13. What organization determines interest rates?
- A. Federal Reserve
 - B. Internal Revenue Service
 - C. Federal Deposit Insurance Corporation
 - D. Securities and Exchange Commission
14. The types of insurance that most individuals will need in their lives include all **except** _____.
- A. Health
 - B. Homeowners
 - C. Investment
 - D. Auto
15. _____ is property required by a lender and offered by a borrower as a guarantee of payment on a loan.
- A. Collateral
 - B. Interest
 - C. Default
 - D. A down payment
16. The three common credit score agencies include all of the following **except** _____.
- A. Experion
 - B. Internal Revenue Service
 - C. Transunion
 - D. Equifax
17. The portion of earnings paid out to the stockholders of a corporation is called _____.
- A. gross profit.
 - B. dividends.
 - C. net income.
 - D. capital gains
18. If you are at fault in an accident, what does liability auto insurance cover?
- A. The cost of repairs on the other driver's car.
 - B. The cost of repairs on your car.
 - C. Property damage resulting from the accident.
 - D. The cost of the ambulance and fire truck that show up.
19. The ideal investment in terms of risk and return would be _____.
- A. high risk, high return
 - B. high risk, low return
 - C. low risk, low return
 - D. low risk, high return

20. Which of the following people would most need life insurance?
- A. Single, recent college grad, working, no kids, college and car loans
 - B. Married, two kids in grade school, both spouses work, mortgage
 - C. Single, retired, two kids both on their own with families, car loan
 - D. Only individuals with over \$250,000 in assets need life insurance
21. By what date must you file your Federal Income Tax Return each year?
- A. January 31
 - B. April 15
 - C. June 15
 - D. December 31
22. Which of the following pay periods will give you the highest paycheck amount, assuming an equal annual salary for all options.
- A. Weekly
 - B. Semimonthly
 - C. Bi-weekly
 - D. Every other week
23. What is an advantage of a Roth IRA?
- A. You invest before-tax dollars.
 - B. Your earnings are tax-free.
 - C. You must begin withdrawing the money at age 70 ½.
 - D. You don't have to pay a penalty on the earnings if you withdraw early.
24. This one of the "C's" of credit refers to a person's personal assets and net worth.
- A. Capacity
 - B. Collateral
 - C. Capital
 - D. Character
25. This government agency oversees the stock market.
- A. Federal Reserve
 - B. Internal Revenue Service
 - C. Federal Deposit Insurance Corporation
 - D. Securities and Exchange Commission
26. Renter's insurance will typically cover the cost of _____.
- A. the contents of the apartment you are renting.
 - B. your home's mortgage.
 - C. the cost of the lease on your vehicle.
 - D. your office building you are working in.

27. According to most experts when is the time a budget is no longer needed?
- A. When you receive a promotion and large increase in salary.
 - B. As soon as your kids are out on their own.
 - C. When you retire and move to a condo.
 - D. A budget is recommended for your entire adult life.
28. Ignoring all other factors but age and gender, who would typically pay a higher premium on their car insurance?
- A. Middle-aged female
 - B. Middle-aged male
 - C. Young adult female
 - D. Young adult male
29. How old must you be to have a credit card in your name, without showing proof of independent income or having a co-signer?
- A. 16
 - B. 18
 - C. 21
 - D. 25
30. How many payments will you make on your 5-year auto loan?
- A. 24
 - B. 36
 - C. 48
 - D. 60

Application Knowledge – Read each problem and answer the questions in the space provided.
(3 points each)

- The following table shows the stock purchases of Dominique Cantrell on January 2nd, 2022, and the relative price of each of the stocks at the end of the year. Assuming she sold all of her stock on December 31st, complete the table to show the amount of money she made or lost on each stock during 2022, and the return on each of her individual investments (ROI). Finally, find the total money she made or lost, as well as the return on her total investment.

	<u>Cost Per Share</u>	<u># of Shares</u>	<u>Price Dec. 31st</u>	<u>\$ Gain/ (Loss)</u>	<u>Stock ROI</u>
A. Hoosier Banner Corp	\$114.40	70	\$140.28	_____	_____
B. Buckeye Supply Co	\$74.95	100	\$64.10	_____	_____
C. Badger Tools Corp	\$41.08	180	\$47.32	_____	_____
D. Total Portfolio				_____	_____

- Nathan Kowalski had an annual salary in 2022 of \$72,420 working as an IT Specialist. At the beginning of 2023 he is given a raise of 4.5%. His taxes, which were 26% of his 2022 salary, will climb to 27% of his salary for 2023. He chooses to withhold 3% of his salary as an investment into the company's stock purchase plan, and his insurance cost is \$50 each pay period. Nathan is paid biweekly.

- How much will Nathan's new annual salary be in 2023? _____
- What was Nathan's net pay each pay period of 2022?? _____
- How much will Nathan invest into his company's stock for the entire 2023 year? _____
- What will Nathan's net pay be each pay period in 2023? _____
- How much will Nathan pay in health insurance for 2023? _____

3. In 2022 Antonio Garcia bought a new car for \$18,500. For his insurance he pays a monthly premium of \$52. His insurance coverage includes medical and property liability, comprehensive, and collision. The deductible on Antonio's insurance policy is \$500.

In March of 2023, Antonio had an accident in which the other driver was at fault. The damage to Antonio's car was \$600, and the damage to the other car was \$450. In July of 2023 Antonio had an accident in which he was at fault. Damage to his car was \$600, and damage to the other car was \$750.

- A. How much does Antonio pay annually in premiums? _____
- B. How much will Antonio pay in total for the March accident? _____
- C. How much will Antonio's insurance company pay for the March accident? _____
- D. How much will Antonio pay in total for the July accident? _____
- E. How much will his insurance pay for the July accident? _____