

Contestant Number: _____

Time: _____

Rank: _____



PERSONAL FINANCIAL MANAGEMENT (165)

REGIONAL 2024

CONCEPT KNOWLEDGE:

Multiple Choice (30 @ 2 points each) _____ (60 points)

APPLICATION KNOWLEDGE:

Short Answer (21 @ 3 points each) _____ (63 points)

TOTAL POINTS _____ ***(123 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:

You have been hired as a Financial Assistant and will be keeping the accounting records for Digital Solutions, located at 700 Morse Road, Suite 201, Columbus, Ohio 43214. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions' own accounting records, as well as for clients.

You will have 60 minutes to complete your work. The test is divided into two parts: concept knowledge and application knowledge.

Your name and/or school name should *not* appear on any work you submit for grading. Write your Member ID 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 Questions

Directions: Identify the letter of the choice that best completes the statement or answers the question.

1. What form shows employees the total earnings and total taxes withheld throughout the year?
 - A. Form W-2
 - B. Form W-4
 - C. Form W-8
 - D. Form W-9
2. Which organization protects your bank deposit?
 - A. Federal Deposit Insurance Corporation
 - B. Securities and Exchange Commission
 - C. Federal Reserve Board
 - D. Financial Accounting Standards Board
3. Which of the following is *not* a common fee for a credit card?
 - A. Late Charge Fee
 - B. Annual Fee
 - C. Cash Advance Fee
 - D. Early Payment Fee
4. According to the rule of 72, how many years will it take for an investment to double, assuming it earns 8% annually?
 - A. 7.2 years
 - B. 8 years
 - C. 9 years
 - D. 10.2 years
5. The portion of earnings a corporation pays to its shareholders is known as _____.
 - A. Retained Earnings.
 - B. Preferred Stock
 - C. Treasury Stock
 - D. Dividends
6. The _____ insures a customer's deposit in a bank.
 - A. FDIC
 - B. SEC
 - C. FED
 - D. FASB
7. What index is commonly referred to as the Broad Market Index?
 - A. NASDAQ
 - B. Dow Jones
 - C. Russell 2000
 - D. S&P 500

8. At what age are you required to begin withdrawing from your 401k account?
 - A. 59 ½
 - B. 65
 - C. 70 ½
 - D. 72
9. Which of the following is the best credit score?
 - A. 600
 - B. 800
 - C. 1,000
 - D. 1,200
10. What should be the last step in dealing with mounting personal debt?
 - A. Consult with a credit counselor
 - B. Find a higher paying job
 - C. Start paying off part of your debt
 - D. Declare bankruptcy
11. When do most financial experts agree that you would no longer need a budget?
 - A. After graduating college
 - B. When you have children
 - C. When you retire
 - D. A budget is always recommended
12. Which of the following is a voluntary deduction from your paycheck?
 - A. Social Security Tax
 - B. Federal Income Tax
 - C. Stock Purchase Plan
 - D. Health Insurance
13. What is the ideal investment?
 - A. High Risk, High Return
 - B. High Risk, Low Return
 - C. Low Risk, Low Return
 - D. Low Risk, High Return
14. What is the best example of diversification of your investments?
 - A. Buying stock in several different tech companies.
 - B. Ensuring your CD's are all different lengths of time.
 - C. Investing into stocks, bonds, ETF's, and treasury bills.
 - D. Having all tax-exempt investments.
15. At what age must you begin taking withdrawals from your traditional IRA?
 - A. 59 ½
 - B. 65
 - C. 70 ½
 - D. 72

16. Of the following, assuming a good driving record for all and the same car, who would typically pay the most for car insurance?
- A. Teenage male
 - B. Teenage female
 - C. Middle-age male
 - D. Middle-age female
17. Which type of insurance covers the contents of your apartment?
- A. Homeowner's
 - B. Renter's
 - C. Automobile
 - D. Health
18. Which of the following individuals would be eligible for a 403(b) retirement plan?
- A. Church Pastor
 - B. Plumber
 - C. Retail Worker
 - D. Corporate CEO
19. You purchase 40 shares of a stock trading for \$35.00 per share from your broker, who gets a 2% commission on all transactions. How much will you pay?
- A. \$1,372
 - B. \$1,400
 - C. \$1,402
 - D. \$1,428
20. Which of the following would fall under discretionary spending in your budget?
- A. Gas for your car for transportation to work.
 - B. Tickets to your favorite musician's concert.
 - C. Grocery bill from your weekly Kroger's trip.
 - D. Online payment for your monthly electric bill.
21. Which person doesn't necessarily need life insurance?
- A. Single 23-year old out of college, no kids.
 - B. Married 30-year old, both spouses working, no kids.
 - C. Married 40-year old, spouse doesn't work, 2 kids.
 - D. Single 65-year old, retired, 3 kids all married and on their own.
22. What is the term to describe a company going public for the 1st time?
- A. IRA
 - B. IPO
 - C. SEC
 - D. IRS

23. At what age does a child get dropped from their parent's health insurance?
- A. 18
 - B. 21
 - C. 25
 - D. 26
24. What health care service is most likely not covered by insurance?
- A. X-rays
 - B. Wellness check
 - C. Cosmetic surgery
 - D. Blood pressure medication
25. Given a household salary of \$60,000, and ignoring any other deductions or tax credits, who will pay the highest income tax?
- A. Single, no children
 - B. Single, one child
 - C. Married, no children
 - D. Married, one child
26. How often are you allowed to get a free credit report from one of the credit reporting agencies?
- A. Monthly
 - B. Quarterly
 - C. Annually
 - D. Bi-annually
27. Which of the following is the safest investment?
- A. House
 - B. Blue chip stock
 - C. CD
 - D. Mutual fund
28. The percentage of deposits banks must keep on hand each night is better known as the _____.
- A. Prime Rate
 - B. Reserve Requirement
 - C. Rate of Return
 - D. Depositor Guarantee
29. The portion of earnings given to shareholders is called _____.
- A. dividends
 - B. stock
 - C. investing
 - D. coupon payments

30. Federal Tax returns, for individuals, are typically due on what date?

- A. January 31st
- B. March 15th
- C. April 15th
- D. December 31st

Short Answer – 3 points per answer

1. Cassidy Stetson works as a business analyst for Hats Inc., and in 2023 made an annual base salary of \$84,650. Hats Inc. also gives her an incentive bonus of 0.5% of annual net income. For 2023, the company posted a net income after tax of \$1,570,000. Because of an impressive performance review, Cassidy has earned an increase of 4.5% in her base salary for 2024. Cassidy has 3% of her salary deducted for a stock purchase program, and her taxes add up to 32% of her salary. Hats Inc. is on a biweekly pay period.

A. How much is Cassidy's annual base salary for 2024? _____

B. Calculate Cassidy's stock deduction each pay period in 2024. _____

C. Calculate Cassidy's total tax deduction each pay period in 2024. _____

D. How much will Cassidy's net pay each pay period be in 2024? _____

E. How much did Cassidy earn in bonus pay for 2023? _____

2. Aki Sato invested in a few different stocks at the beginning of 2023, as shown in the table below, and sold those stocks at the end of 2023. Use the return on investment (ROI) for each stock to find its sales price, as well as the total money gained or lost on each stock. Show losses in parentheses. Finally, show the total dollar gain or loss Aki had for the year on his investments, and also the ROI on his total portfolio.

| Stock | Price Paid per Share | # of Shares Bought | ROI | Sales Price per Share | \$ Gain Or (Loss) |
|--------------------|----------------------|--------------------|--------|-----------------------|-------------------|
| Cutter Supply Corp | 114.65 | 30 | 9.4% | | |
| K&J Amusement Inc. | 86.20 | 40 | (3.0%) | | |
| Butler Software | 63.14 | 45 | 12.2% | | |

A. Total Dollar Gain or Loss _____

B. ROI on Total Portfolio _____

3. Each scenario below describes an auto accident. For each scenario, show the amount of money you will pay out of pocket, and the amount that your insurance company will pay. You carry full liability and comprehensive coverage. You do not carry collision coverage. The deductible on your policy is \$500.

- A. You hit a parked car in a parking lot. The damage to the car you hit is \$480. The damage to your car is \$250.

You pay _____ Your insurance pays _____

- B. You run into a car at an intersection, which is determined to be your fault. The other driver is treated on the scene for minor injuries, resulting in a \$350 medical bill. The damage to the car you hit is \$1,210, while the damage to your car is \$475.

You pay _____ Your insurance pays _____

- C. A storm knocks a large branch off a tree, hitting your car and causing \$940 worth of damage.

You pay _____ Your insurance pays _____

- D. While stopped at a red light, a car hits you from behind. The other driver is found to be at fault. Damage to your car is \$840. Damage to the car that hit you is \$560.

You pay _____ Your insurance pays _____