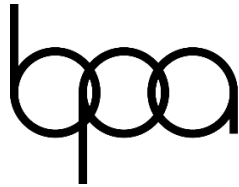


Contestant ID: _____

Time: _____

Rank: _____



**BUSINESS
PROFESSIONALS
of AMERICA**
Giving Purpose to Potential

PERSONAL FINANCIAL MANAGEMENT

(165)

REGIONAL 2026

CONCEPT KNOWLEDGE:

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

APPLICATION KNOWLEDGE:

Short Answer (13 @ 4 points each) _____ (52 points)

TOTAL POINTS _____ ***(112 points)***

Test Time: 60 minutes

GENERAL GUIDELINES:

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

1. Contestants 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 1365 King Avenue, Columbus, Ohio 43212. 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 Contestant 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 is the primary role of the Federal Reserve in regulating financial institutions?
 - A. Regulating personal credit scores
 - B. Managing inflation and overseeing monetary policy
 - C. Collecting taxes
 - D. Overseeing public debt
2. What type of interest includes interest in both the initial principal and previously accrued interest?
 - A. Simple Interest
 - B. Mortgage Interest
 - C. Compound Interest
 - D. Car Loan Interest
3. What does the Consumer Financial Protection Bureau (CFPB) regulate?
 - A. Insurance policies
 - B. Personal financial products like credit cards
 - C. Government bonds
 - D. Stock exchange
4. Which factor has the largest impact on your credit score?
 - A. Length of credit history
 - B. Payment history
 - C. Number of credit accounts
 - D. Types of credit used
5. What does health insurance typically cover?
 - A. Funeral costs
 - B. Long-term care expenses
 - C. Medical expenses
 - D. Specialty life issues
6. The Federal Reserve is responsible for regulating personal credit scores.
 - A. True
 - B. False
7. Bankruptcy can remain in your credit report for up to ten years.
 - A. True
 - B. False
8. A 401(k) plan allows employees to make tax-deferred contributions toward their retirement.
 - A. True
 - B. False

9. Social Security benefits are guaranteed to fully cover all retirement expenses.
 - A. True
 - B. False
10. Self-insuring means relying on personal savings to cover minor risks or expenses instead of purchasing insurance.
 - A. True
 - B. False
11. If a health insurance policy has coinsurance of 80/20, with a \$1,000 deductible, how much would a policyholder pay on a \$5,000 bill?
 - A. \$2,000
 - B. \$1,800
 - C. \$2,500
 - D. \$1,200
12. Which type of stock gives shareholders voting rights but may offer less consistent dividends?
 - A. Preferred stock
 - B. Dividend stock
 - C. Common stock
 - D. Value stock
13. Why is diversification important when investing?
 - A. It guarantees profit
 - B. It increases the risk of loss
 - C. It helps reduce investment risk
 - D. It focuses all funds on one asset
14. Which of the following is a way to prevent identity theft?
 - A. Sharing passwords only with family
 - B. Using complex, unique passwords
 - C. Writing down PIN numbers
 - D. Using public Wi-Fi for transactions
15. Which investment is most likely to provide the highest return over a long period but also carries higher risk?
 - A. U.S. Treasury bonds
 - B. Common stock
 - C. Certificate of Deposit
 - D. Corporate bonds
16. If interest rates increase, what happens to the cost of borrowing?
 - A. It decreases
 - B. It increases
 - C. It stays the same
 - D. It fluctuates

17. Which of the following is a disadvantage of using credit cards?
- A. Convenience
 - B. Building credit history
 - C. Risk of debt
 - D. Earning rewards
18. A budget helps individuals _____.
A. spend without limits
B. track income and expenses
C. increase income
D. avoid taxes
19. Insurance helps manage financial risk by _____.
A. reducing monthly income
B. spreading risk across many people
C. increasing interest rates
D. eliminating all risks
20. Liquidity refers to the _____.
A. ability to turn assets into cash quickly
B. value of assets
C. growth of investments
D. rate of inflation
21. By what date must employers send Form W-2 to employees each year?
A. January 31
B. March 31
C. April 15
D. April 30
22. What is the best credit score?
A. 700
B. 850
C. 400
D. 200
23. This one of the “C’s” of credit refers to the ability of a person to repay debt.
A. Capital
B. Capacity
C. Collateral
D. Character
24. What is the best investment scenario?
A. High risk, high return
B. High risk, low return
C. Low risk, low return
D. Low risk, high return

25. Withholdings from your paycheck include all the following except _____.
A. Federal income tax
B. 401(k) contributions
C. pension fund contributions
D. Social Security tax
26. Which of the following retirement accounts typically include a company match into the employee's account?
A. Mutual Fund
B. IRA
C. Social Security
D. 401(k)
27. Who would typically pay a higher premium on their car insurance?
A. Retired male
B. Middle-aged female
C. Teenage male
D. Young adult female
28. 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. 20
D. 21
29. When do most experts agree it would be too late to start using a budget?
A. After you have kids
B. After your kids leave the house
C. After retirement
D. Never
30. 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

Short Answer – Place each answer on the line provided.

1. You have been following the stock of Weber Meat Snacks for several weeks and have decided to buy into the company. You meet with your advisor on the afternoon of November 4th and tell her to buy 120 shares of the stock. She sends the buy order that evening, and your buy order is executed at the opening bell on November 5th @ \$86.18 per share. Weber's closes the trading day on the 5th @ \$87.72. The broker earns a commission of 2% on all trades executed for you.
 - a. How much will your broker earn in commission fees? _____
 - b. How much will the transaction cost you in total? _____
 - c. What percentage return did you earn on your investment during the first day of owning Weber Meat Snacks, ignoring the broker commission? _____

2. You pay a \$1,200 semi-annual premium on your homeowner's insurance policy. The policy contains a \$1,000 deductible. A severe storm blows through your area and causes damage to the roof estimated at \$3,500, and damage to the siding on the house estimated at \$2,000.
 - a. How much will you pay out of pocket to repair your home? _____
 - b. How much will your insurance company pay? _____

3. Elizabeth Shue, a recent college grad, just began her accounting job where she earns an annual salary of \$52,500.00 before taxes. Withholdings from various taxes are estimated to be \$15,600.00 for the year. She will be paid semi-monthly. Elizabeth wants to develop a monthly budget, using the following information.
 - Estimated monthly expenses include:
 - o Apartment Rent - \$750.00
 - o Utilities - \$250.00
 - o Cell Phone - \$80.00
 - o Car Loan - \$335.00
 - o Food - \$500.00
 - o Clothing - \$300.00
 - o Entertainment - \$200.00
 - o Miscellaneous - \$150.00
 - Elizabeth enrolls in her company's stock purchase plan, which will withhold an amount equal to 2% of her earnings before tax each pay period.
 - Elizabeth has a goal of saving \$300.00 per month into her bank account.

- a. How much will Elizabeth's net pay be each pay period? _____
 - b. What are Elizabeth's total estimated monthly expenses? _____
 - c. Will Elizabeth be able to reach her savings goal? _____
 - d. Elizabeth's company offers a company match of 50% on her contribution into a 401(k) program. If Elizabeth chooses to put 3% of her salary into the program, how much would she contribute each pay period?

 - e. How much would the company match be in the above scenario?

4. Clint Barton owns a computer repair business. Smith Motors, one of Clint's accounts, owes him \$1,350.00 from a system network repair four months earlier. Clint agrees to accept a promissory note from the customer on the outstanding debt. The 90-day note is signed on December 17, 2025, with an agreed upon interest rate of 6.5%.
- a. What will be the maturity date for the promissory note? _____
 - b. How much more will Clint collect from the note over the account receivable from the customer?

 - c. What will the total amount of cash received from Smith Motors be when the note comes due?
