

Name: _____

Date: _____

- 1 Select the correct definition for the term budget.
 - A The total amount of bills you owe that you cannot pay
 - B The amount of money that is available for a particular purpose
 - C The total amount of bills you already paid
 - D The amount of money that you want to have
- 2 What does the percentage 70 represent in the 70-20-10 Saving Rule?
 - A Debt payments
 - B Financial goals
 - C Emergency expenses
 - D Living expenses
- 3 How do you figure your net income?
 - A $\text{Net pay} = \text{Gross pay} - \text{Deductions}$
 - B $\text{Net pay} = \text{Gross Pay} + \text{Taxes}$
 - C $\text{Net pay} = \text{Gross Pay} + \text{Deductions}$
 - D $\text{Net pay} = \text{Gross pay}$
- 4 What credit score is considered a good credit rating?
 - A 700
 - B 550
 - C 400
 - D 350
- 5 What does the term "principle" mean in regards to financial planning?
 - A To put in a bank for safekeeping
 - B The percentage charged for the money borrowed
 - C The original amount borrowed or invested
 - D A record of an individual's borrowing or repaying
- 6 What is the difference between a grant and a loan?
 - A A grant is a free gift, and a loan is borrowed and must be repaid.
 - B A grant is borrowed and must be repaid, and a loan is a free gift.
 - C A grant is money from a relative and a loan is a free gift.
 - D There is no difference, they are both the same.

- 7 Savings accounts pay interest.
 - A True
 - B False
- 8 The Income Tax Form 1040 must be filed by _____.
 - A Jan 31
 - B March 1
 - C June 1
 - D April 15
- 9 With the 70-20-10 saving rule, what percentage should be planned to be used for your living expenses?
 - A 70
 - B 20
 - C 10
 - D 5
- 10 With the 70-20-10 saving rule, what percentage should be planned to be used for your retirement?
 - A 70
 - B 20
 - C 10
 - D 5
- 11 What term means to commit resources, or money, in order to earn a financial return?
 - A Withdraw
 - B Invest
 - C Spend
 - D Pay
- 12 What area in the Financial Planning Pyramid has the lowest investment risk?
 - A Top
 - B Bottom
 - C Middle
 - D All of the above

- 13 By law, how often are people entitled to a free copy of their credit report from each of the main credit agencies?
- A Once a month
 - B Twice a year
 - C Once a year
 - D Once every 5 years
- 14 The formula for calculating interest is: $\text{Interest} = \text{Principle} \times \underline{\hspace{2cm}} \times \text{Time}$.
- A Interest rate
 - B Credit rating
 - C Credit Score
 - D FICO score
- 15 Which College Funding options are considered "free gift money" for education?
- A Scholarships and Grants
 - B Federal Education Loans
 - C Private Education Loans
 - D Work-study programs
- 16 What does the term "PIN" stand for, regarding your financial account?
- A Personal Internet Name
 - B Personal Identification Number
 - C Pacific Island Network
 - D None of the above
- 17 What IRS Form determines how much taxes are deducted from your paycheck each pay period?
- A W-1
 - B W-2
 - C W-4
 - D W-5
- 18 If you don't pay your income taxes, what can happen to you?
- A Stiff penalties
 - B Possible jail time
 - C Garnish your wages
 - D All of the above

- 19 The W-2 Wage and Tax Statement are sent to you by your employer by what date each year?
- A Dec 31
 - B Jan 31
 - C Feb 31
 - D Mar 31
- 20 What form is used to file personal income taxes?
- A Form 1040 or Form 1040EZ
 - B Form 4010 or Form 4010EZ
 - C Form 1090
 - D Form 1100

Answer Key: NS4-U9 - Financial Wisdom (Exam)

Question:	Answer
1	B
2	D
3	A
4	A
5	C
6	A
7	A
8	D
9	A
10	C
11	B
12	B
13	C
14	A
15	A
16	B
17	C
18	D
19	B
20	A