PERSONAL FINANCE DECATHLON QUESTIONS

I. THINKING ECONOMICALLY

1. Good decision making involves all the following except:
   A. Determining your alternatives.
   B. Establishing your criteria/goals.
   C. Evaluating your options with respect to your goals.
   D. Making the choice that has the lowest cost.

II. EARNING INCOME

1. Which of the following is true about most millionaires?
   A. They inherited most of their wealth.
   B. They work more than 40 hours per week.
   C. They work in glamorous jobs like sports or entertainment.
   D. They do not invest in the risky stock market.

III. PAYING TAXES

1. An employee works for 40 hours per week at $10 per hour and has $50 in federal income taxes, $20 in state income taxes, and $30 in Social Security taxes deducted each week. In addition, the employee saves $20 per week. What is this employee's net pay?
   A. $280.
   B. $300.
   C. $310.
   D. $330.

IV. BUDGETING

1. Which of the following are the fundamental choice elements of a complete budget?
   A. Current spending, short-term saving, and long-term saving (investment).
   B. Spending, saving, and tax payments.
   C. Housing, transportation, food, healthcare, and other expenditures.
   D. Checking account balance, savings account balance, and credit available balance.
V. SAVING

1. If Jessica deposited $100 two years ago in a new account that pays 10% interest compounded quarterly, what would be the current balance of her account?
   A. $110.
   B. $120.
   C. $121.
   D. More than $121.

VI. FINANCIAL PLANNING

1. Which of the following would not be considered an asset in determining a person's net worth?
   A. The person's checking account balance.
   B. The person's four-year-old car.
   C. The person's line of available credit.
   D. The person's holdings of U.S. Treasury notes.

VII. INVESTING

1. When making an investment, market risk refers to what possibility?
   A. The difficulty of converting the investment into cash.
   B. The investment's value could decrease over time.
   C. The investment instrument may be fraudulent.
   D. The rate of return earned may be less than the rate of inflation.

VIII. BORROWING

1. Which of the following is not a benefit of using credit cards?
   A. Allows one to build a credit record/history.
   B. Helps one deal with emergencies.
   C. Can get goods now and pay for them later.
   D. There is less potential for identity theft.
IX. BANKING (AND OTHER FINANCIAL INSTITUTIONS)

1. Which type of financial institution typically charges the **highest interest rates** for loans?
   A. Credit unions.
   B. Commercial banks.
   C. Savings and loans.
   D. Payday loan companies.

X. INSURING

1. The **higher the deductible** on an insurance policy:
   A. the less the policy will cost.
   B. the less the policyholder will have to pay in the event of a loss.
   C. the greater the maximum loss the policy will cover.
   D. the greater the cash value of the policy.

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