

# 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.

**KEY**

<b>I</b> 1. D	<b>II</b> 1. B	<b>III</b> 1. B	<b>IV</b> 1. A	<b>V</b> 1. D
<b>VI</b> 1. C	<b>VII</b> 1. B	<b>VIII</b> 1. D	<b>IX</b> 1. D	<b>X</b> 1. A