

Name _____

1. Match the following terms with their definitions:

Term	Answer	Definitions
Flexible expenses		a. A written plan for spending your money.
Spending plan		b. A home loan
Direct deposit		c. The full amount you earn in a pay period
Debt		d. The electronic transfer of your paycheck or benefits check (such as a Social Security or pension check) directly into your account
Account statement		e. The ability of a person or a business to borrow money with the intent to pay it back with interest.
Mortgage		f. Tracking the money in/out of your business
Unsecured credit		g. Monthly record of your account activity sent by the bank
Savings account		h. Money you owe
Bookkeeping		i. This type of credit has no collateral attached
Credit		j. A safe place to put your money until you need it for the future.
Discretionary expense		k. Regular amounts that generally don't change much
Fixed expense		l. Expenses that occur on a regular basis and are also for necessities, but you have more control over.
Gross income		m. Money you choose to spend, but don't necessarily have to spend.

2. There are several kinds of savings accounts. Three of the most common are:

- Regular Savings, Regular Checking, and IRA
- Certificates of Deposit, Regular Savings, and IDA
- Certificates of Deposit, Money Markets, and Regular Savings
- IRA, Regular Checking, IDA

3. Your take-home pay, or net income, is _____.

- The amount you receive after benefits, such as vacation pay and health insurance, have been added
- The amount you receive after taxes, insurance, or other costs have been subtracted
- The total amount you earn

4. What percentage of today's income do experts recommend you aim for in retirement?

- 50-60%
- 65-75%
- 75-85%
- 40-50%

5. The amount of interest you earn on money in your savings account will depend a lot on which three factors?
- The interest rate, how often you make deposits, and how the financial institution invests your money.
 - The interest rate, how long you keep the money in your account, and how the financial institution pays the interest.
 - The prime rate, your credit rating, and how you make the deposits (cash, check, or direct deposit).
6. A _____ is a retirement account in which the money you deposit is invested, and you usually don't pay any taxes on the money you earn until you begin withdrawing the money at retirement age.
- mutual fund
 - tax-deferred investment account
 - electronic transfer account
 - annual percentage yield
7. Two common retirement investment accounts are _____ and _____.
- mutual funds
 - individual development accounts
 - individual retirement accounts (IRAs)
 - dividends
 - 401(k)s
 - equity
8. Rule of 72: you have an investment that's earning 8% per year. How many years will it take to double your investment?
- 9 years
 - 4 years
 - 20 years
 - 8 years
9. Which of the following would not be effective money management?
- Pay your bills first. Make sure your most important expenses are covered each month. Then set aside the money needed for day-to-day expenses.
 - Over time, if you begin to earn more, try to increase the amount you save.
 - When you make your budget, try to be realistic.
 - If you have a family, each family member is a part of your financial picture. Include your family in the budget planning process.
 - All of the above would be effective money management.

10. In your small business, you will want to track all of your monthly bills and expenses. These are called your

- a. payables b. receivables c. cash flow d. profit and loss statement

11. As a small business owner, you will also want to track the money your customers owe *you*. This is called your _____.

- a. payables b. receivables c. cash flow d. profit and loss statement

12. No matter what kind of business you have, money will be constantly moving in and out. This is known as _____.

- a. payables b. receivables c. cash flow d. profit and loss statement

13. A credit score indicates:

- a. How many credit cards you have
- b. How reliable you are at paying back your debts
- c. How often you are late per month
- d. How many times you've changed jobs

True or False:

___ 14. It is not necessary to balance your checkbook because the ATM receipts will always show you how much money is in your account.

___ 15. When you use a debit card, the money is immediately withdrawn from your account.

___ 16. Your debt-to-income ratio is how much you owe compared to how much you earn.

___ 17. The five "C's" of credit that creditors use to evaluate your credit are character, capital, collateral, conditions and capacity.

___ 18. You should wait until the end of the month, after you have paid all of your bills, to put money into savings.

___ 19. In general, people spend *more* when they use credit cards instead of cash.

___ 20. A bankruptcy will stay on your credit history for up to 10 years.

___ 21. Bankruptcy may lower your credit score causing lenders to charge you higher interest rates in the future.

22. How to Establish Good Credit	True or False?
Avoid getting a credit card until you are a homeowner.	
Open a savings account or checking account and manage it well.	
Never spend more than you have in the account. This reflects on your ability to repay loans.	
Get multiple credit cards at top quality stores and skip making payments on occasion.	
Get one or two gasoline or department store credit cards and pay your bill on time, every month.	
Only borrow money from family and friends.	
Use cash advances from one credit card to pay of balances due on others.	
Take out a small loan for an appliance or a computer, and repay it monthly – in full and on time.	
Get a secured credit card by opening a savings account with a balance equal to the card's limit.	
Overdraw your checking account for the same amount each month. This demonstrates a consistent need.	
Put your apartment and utilities in your own name and always pay your bills on time.	

23. The complete written version of an individual's credit history is called a _____.

- a. Credit Bureau
- b. Credit Check
- c. Credit Report
- d. Credit Statement

24. The _____ is the percentage that combines the interest rate, the term, and the fees charged by the lender.

- a. Annual percentage rate
- b. Interest rate
- c. Principle
- d. Term percentage rate

25. Equifax Information Services, Experian Consumer Assistance, and TransUnion Corporation are _____.

- a. Credit Agencies
- b. Credit Bureaus
- c. Consumer support agencies
- d. Credit Card companies

Interest Rate Comparison		
Loan amount	\$10,000	\$10,000
Term	5 years	5 years
Interest rate	5%	15%
Monthly payment	\$188.77	\$237.90
Total interest over 5 years	\$1,236.92	\$4,271.08

*Please note: the final month's loan payment may vary from the regular monthly payment.

26. What happens to the amount of the monthly payment paid toward the principal each month?
- The monthly amount paid toward the principle decreases over time.
 - The monthly amount paid towards the principle stays the same.
 - The monthly amount paid toward the principal increases over time.
 - None of the above
27. By getting a 5% interest rate vs. 15%, this borrower would save over _____ in interest over five years.
- \$3000
 - \$2500
 - \$100.00
 - None of the above.
28. Try to keep your credit card debt low enough so that your required payments are no more than what percentage of your monthly income?
- 40%
 - 30%
 - 20%
 - 10%
29. The retirement years are when most people have their highest:
- Mortgage costs
 - Health care costs
 - Car loan costs
 - Investment costs
30. According to the SBA, 95% percent of all business failures are caused by ...
- Too much competition
 - The business owner's lack of experience and expertise
 - Setting prices too high or too low
 - Too much demand

31. As a business owner, it's important to keep in mind that:
- a. Profit is not the same as cash flow
 - b. Cash flow is not the same as asset allocation
 - c. Revenue is the same as profit
 - d. All of the above

32. Tips for Keeping Your Finances Safe	Good idea? Yes or no
Be wary of strangers you allow in. Keep sensitive data, credit cards, and checkbooks out of sight.	
Keep credit offers you receive in the mail for one year – or until they expire.	
Safely store copies of your driver’s license, credit cards, car registration, I.D. cards, etc.	
Shred old and unnecessary financial documents, statements, and unwanted credit offers.	
After you pay your taxes each year, be sure to shred all of your cancelled checks.	
Don’t send personal information such as account numbers, credit card numbers, or PINs via email.	
Select one credit card with a low credit limit to use for all your online purchases.	
Immediately after you make a Web transaction, completely close your browser.	
Each time you make an online purchase, use a different credit card to limit your risk.	
Store your new and cancelled checks securely.	
Turn off your computer when you’re not using it – don’t leave it in “sleep” mode.	
Never download files or click on hyperlinks in emails from people or companies you don’t know.	
Install a firewall, virus protection, and spyware on your computer and update them regularly.	
Keep copies of your Social Security card, passport, and driver’s license next to your phone.	

Please complete this budget for your household.

Housing	
Mortgage or rent	
Second mortgage or rent	
Phone	
Electricity	
Gas	
Water and sewer	
Cable	
Waste removal	
Maintenance or repairs	
Supplies	
Other	
Subtotals	

Transportation	
Vehicle 1 payment	
Vehicle 2 payment	
Bus/taxi fare	
Insurance	
Licensing	
Fuel	
Maintenance	
Other	
Subtotals	

Insurance	
Home	
Health	
Life	
Other	
Subtotals	

Food	
Groceries	
Dining out	
Other	
Subtotals	

Children	
Medical	
Clothing	
School tuition	

Monthly Income	
Income	
Income 1	
Income 2	
Total monthly income	
Entertainment	
Netflix	
CDs	
Movies	
Concerts	
Sporting events	
Live theater	
Other	
Subtotals	

Loans	
Personal	
Student	
Credit card	
Credit card	
Credit card	
Other	
Subtotals	

Taxes	
Federal	
State	
Local	
Other	
Subtotals	

Savings or Investments	
Retirement account	
Investment account	
College	
Other	
Subtotals	

Gifts and Donations	
Charity 1	

School supplies	
Organization dues or fees	
Lunch money	
Child care	
Toys/games	
Other	
Subtotals	

Pets

Food	
Medical	
Grooming	
Toys	
Other	
Subtotals	

Personal Care

Medical	
Hair/nails	
Clothing	
Dry cleaning	
Health club	
Organization dues or fees	
Other	
Subtotals	

Charity 2	
Charity 3	
Subtotals	

Legal

Attorney	
Alimony	
Payments on lien or judgment	
Other	
Subtotals	

Total Expenses	
Total Income	
Net Balance	