

Name: _____

Personal Finance Senior Final Exam Study Guide

- Define the following:
 - Bank Reconciliation- **When you compare your records to the bank statement and getting the two totals to equal**
 - Checkbook Register-**a booklet used to record checking account transactions.**
 - Compressed Workweek- **when you work longer days for a shorter work**
 - Fixed Expense- **An expense that remains constant from month to month.**
 - Flextime - **When the employee gets to pick their arrival and departure time but you must work 8 hours in a day. You also have to be present during “core time period” which is when all employees must be at work.**
 - Gross Pay- **Your amount of pay before deductions are taken out.**
 - Landlord -**The person who owns the property being rented**
 - Lease- **A written agreement allowing a tenant to use property for a set period of time for a set amount of \$.**
 - Net Pay- **Your amount of pay after deductions has been taken out.**
 - Overtime- **Any hours worked in excess of 40 per week.**
 - Progressive Tax - **Amount of taxes a person pay increases by % when the salary increases.**
 - Proportional Tax- **Person pays a flat tax amount (%) regardless of their salary.**
 - References- **A person who is over the age of 18 years old and has known you for at least a year and can provide information about your skills, character, & achievements**
 - Rental Agreement- **An oral or written agreement to rent property on a monthly basis that automatically renews until notice is given by either party.**
 - Resume- **A personal data sheet sent for employers to review.**
 - Salary- **A set amount of pay, regardless of the number of hours worked.**
 - Tenant- **The person who rents the property.**
 - Variable Expense- **An expense that changes from month to month, like your electric bill.**
- Who should you not use as a reference and why?
 - **Family Members because they cannot provide an unbiased opinion**
 - **Someone who cannot give you a favorable reference**
- How soon should you arrive to a job interview?
 - **No more than 10 minutes early**
- I get a form mailed to me by my employer on January 16th that details the amount of money that I earned the previous year. What have I received?
 - **W2**
- When you ask a bank not to honor a check that you have written, you are the bank to do what?
 - **Stop Payment Order**
- List the benefits or incentives offered by an employer to its workers?
 - **Profit Sharing**
 - **Paid Vacations/Holidays**
 - **Employee Services**
 - **Sick Pay**
 - **Leaves of Absence**
 - **Insurance**
 - **Bonuses**

Name: _____

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- **Stock Options**
- **Pensions**
- **Savings Plans**
- **Travel Expenses**
- I earn \$10 per hour at my job and worked 44 hours last week. Assuming I get paid overtime for any amount over 40 hours worked, how much OT would I earn?
 - **$(10 * 1.5) = 15 * 4 = 60$**
- This is a deposit where you earn a fixed amount of interest for a specified period of time.
 - **Certificate of Deposit**
- Explain the difference between: Blank Endorsement, Restrictive Endorsement &, Special Endorsement
 - **Blank Endorsement: Signature of the payee written exactly as his/her name appears on the check.**
 - **Special Endorsement: Transfers the right to cash the check to someone else.**
 - **Restrictive Endorsement: Restricts or limits the use of a check. Safest.**
- List the types of High Risk investments
 - **Futures**
 - **Options**
 - **Penny stocks**
 - **Collectibles**
- List the types of Medium Risk investments
 - **Stocks**
 - **Mutual funds**
 - **Annuities**
 - **Real Estate**
- List the types of Low Risk investments
 - **Corporate and municipal bonds**
 - **U.S. government savings bonds**
 - **Treasury securities**
- Spreading your \$ over many investments to reduce your risk of loss is called
 - **Diversification**
- How quickly you can convert your investment into cash without losing \$ is called...
 - **Liquidity**
- What is a share of ownership in a corporation?
 - **Stock**
- If a company pays a \$3 dividend, and I own 60 shares of stock, what will my dividend check be?
 - **$60 * 3 = \$180$**
- What is the relationship between risk and reward?
 - **Higher the risk the greater the reward**
- What is a type of savings that earns a fixed interest rate for a specified length of time?
 - **Certificate of Deposit**
- This type of bond there is no tax on the interest earned.
 - **Municipal**

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- The price for which the stock is bought and sold in the marketplace is defined as
 - **Market Value**
- List the advantages and disadvantages to renting an apartment.

Advantages	Disadvantages
<ul style="list-style-type: none">○ Mobility○ Convenience○ Minimal responsibilities○ Social life○ Lower cost	<ul style="list-style-type: none">○ Noise○ Lack of privacy○ Small living space○ Lack of storage space○ Scarcity of parking
- Explain to me what a maturity date is.
 - **The date at which your money is available to you without having a penalty**
- What is a refundable amount paid in advance to protect the owner against damages or nonpayment of rent?
 - **Security Deposit**
- What would cause someone to not get their security deposit back?
 - **Damages to the apartment beyond normal wear and tear or not paying your payments**
- Typically you must give your landlord how much notice if you intend to move out of your apartment?
 - **30 days' notice**
- Monthly car payments typically should be no more than _____ of your discretionary income.
 - **20%**
- Failure to pay a car loan can result in what?
 - **The car being repossessed**
- What is the first thing you should do before you start applying for credit cards?
 - **Open a Savings Account**
- In terms of car, what are some examples of your fixed costs?
 - **Depreciation**
 - **Insurance**
 - **Tires**
 - **Gas**
- Who charges a higher interest rate Finance Companies or Banks/Credit Unions?
 - **Finance Companies**
- What does Inflation do to the purchasing power over time?
 - **Reduces it**
- Generally, the longer a loan, the _____ your monthly payments will be, and the _____ interest you will pay.
 - **Lower, more**
- What is the relationship between Risk and Reward?
 - **Higher the risk the higher the reward**
 - **Lower the risk the lower the reward**

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Using the information given here, complete a 1040EZ form.

Jeff Jones lives at 958 Winter Place in Cleveland, OH 49654. His Social Security Number is 444-78-8877, and is working as an Administrative Assistant. He is Single and not claimed as a dependent by any other people on any tax returns. He will not contribute to the Presidential Campaign fund. His earnings for the year were \$15,789 and had no interest income or unemployment. The amount of Federal Taxes withheld from her checks was \$771.

If Form 1040EZ, line 6, is-		And you are-		If Form 1040EZ, line 6, is-		And you are-		If Form 1040EZ, line 6, is-		And you are-		If Form 1040EZ, line 6, is-		And you are-	
At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly
Your tax is-		Your tax is-		Your tax is-		Your tax is-		Your tax is-		Your tax is-		Your tax is-		Your tax is-	
1,000		2,000		3,000		4,000		5,000		8,000		11,000		14,000	
0	5	0	0	1,000	1,025	101	101	2,000	2,025	201	201	3,000	3,050	303	303
5	15	1	1	1,025	1,050	104	104	2,025	2,050	204	204	3,050	3,100	308	308
15	25	2	2	1,050	1,075	106	106	2,050	2,075	206	206	3,100	3,150	313	313
25	50	4	4	1,075	1,100	109	109	2,075	2,100	209	209	3,150	3,200	318	318
50	75	6	6	1,100	1,125	111	111	2,100	2,125	211	211	3,200	3,250	323	323
75	100	9	9	1,125	1,150	114	114	2,125	2,150	214	214	3,250	3,300	328	328
100	125	11	11	1,150	1,175	116	116	2,150	2,175	216	216	3,300	3,350	333	333
125	150	14	14	1,175	1,200	119	119	2,175	2,200	219	219	3,350	3,400	338	338
150	175	16	16	1,200	1,225	121	121	2,200	2,225	221	221	3,400	3,450	343	343
175	200	18	18	1,225	1,250	124	124	2,225	2,250	224	224	3,450	3,500	348	348
200	225	21	21	1,250	1,275	126	126	2,250	2,275	226	226	3,500	3,550	353	353
225	250	24	24	1,275	1,300	129	129	2,275	2,300	229	229	3,550	3,600	358	358
250	275	26	26	1,300	1,325	131	131	2,300	2,325	231	231	3,600	3,650	363	363
275	300	29	29	1,325	1,350	134	134	2,325	2,350	234	234	3,650	3,700	368	368
300	325	31	31	1,350	1,375	136	136	2,350	2,375	236	236	3,700	3,750	373	373
325	350	34	34	1,375	1,400	139	139	2,375	2,400	239	239	3,750	3,800	378	378
350	375	36	36	1,400	1,425	141	141	2,400	2,425	241	241	3,800	3,850	383	383
375	400	39	39	1,425	1,450	144	144	2,425	2,450	244	244	3,850	3,900	388	388
400	425	41	41	1,450	1,475	146	146	2,450	2,475	246	246	3,900	3,950	393	393
425	450	44	44	1,475	1,500	149	149	2,475	2,500	249	249	3,950	4,000	398	398
450	475	46	46	1,500	1,525	151	151	2,500	2,525	251	251	4,000			
475	500	49	49	1,525	1,550	154	154	2,525	2,550	254	254	4,000	4,050	403	403
500	525	51	51	1,550	1,575	156	156	2,550	2,575	256	256	4,050	4,100	408	408
525	550	54	54	1,575	1,600	159	159	2,575	2,600	259	259	4,100	4,150	413	413
550	575	56	56	1,600	1,625	161	161	2,600	2,625	261	261	4,150	4,200	418	418
575	600	59	59	1,625	1,650	164	164	2,625	2,650	264	264	4,200	4,250	423	423
600	625	61	61	1,650	1,675	166	166	2,650	2,675	266	266	4,250	4,300	428	428
625	650	64	64	1,675	1,700	169	169	2,675	2,700	269	269	4,300	4,350	433	433
650	675	66	66	1,700	1,725	171	171	2,700	2,725	271	271	4,350	4,400	438	438
675	700	69	69	1,725	1,750	174	174	2,725	2,750	274	274	4,400	4,450	443	443
700	725	71	71	1,750	1,775	176	176	2,750	2,775	276	276	4,450	4,500	448	448
725	750	74	74	1,775	1,800	179	179	2,775	2,800	279	279	4,500	4,550	453	453
750	775	76	76	1,800	1,825	181	181	2,800	2,825	281	281	4,550	4,600	458	458
775	800	79	79	1,825	1,850	184	184	2,825	2,850	284	284	4,600	4,650	463	463
800	825	81	81	1,850	1,875	186	186	2,850	2,875	286	286	4,650	4,700	468	468
825	850	84	84	1,875	1,900	189	189	2,875	2,900	289	289	4,700	4,750	473	473
850	875	86	86	1,900	1,925	191	191	2,900	2,925	291	291	4,750	4,800	478	478
875	900	89	89	1,925	1,950	194	194	2,925	2,950	294	294	4,800	4,850	483	483
900	925	91	91	1,950	1,975	196	196	2,950	2,975	296	296	4,850	4,900	488	488
925	950	94	94	1,975	2,000	199	199	2,975	3,000	299	299	4,900	4,950	493	493
950	975	96	96									4,950	5,000	498	498
975	1,000	99	99												

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At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly
Your tax is-		Your tax is-		Your tax is-		Your tax is-		Your tax is-		Your tax is-		Your tax is-		Your tax is-	
5,000		8,000		11,000		14,000		5,000		8,000		11,000		14,000	
5,000	5,050	503	503	8,000	8,050	803	803	11,000	11,050	1,103	1,103	14,000	14,050	1,650	1,650
5,050	5,100	506	506	8,050	8,100	808	808	11,050	11,100	1,208	1,208	14,050	14,100	1,658	1,658
5,100	5,150	513	513	8,100	8,150	813	813	11,100	11,150	1,215	1,215	14,100	14,150	1,665	1,665
5,150	5,200	519	518	8,150	8,200	818	818	11,150	11,200	1,222	1,222	14,150	14,200	1,673	1,673
5,200	5,250	523	523	8,200	8,250	823	823	11,200	11,250	1,230	1,230	14,200	14,250	1,680	1,680
5,250	5,300	528	528	8,250	8,300	828	828	11,250	11,300	1,237	1,237	14,250	14,300	1,688	1,688
5,300	5,350	533	533	8,300	8,350	833	833	11,300	11,350	1,245	1,245	14,300	14,350	1,695	1,695
5,350	5,400	538	538	8,350	8,400	838	838	11,350	11,400	1,253	1,253	14,350	14,400	1,703	1,703
5,400	5,450	543	543	8,400	8,450	843	843	11,400	11,450	1,260	1,260	14,400	14,450	1,710	1,710
5,450	5,500	548	548	8,450	8,500	848	848	11,450	11,500	1,268	1,268	14,450	14,500	1,718	1,718
5,500	5,550	553	553	8,500	8,550	853	853	11,500	11,550	1,275	1,275	14,500	14,550	1,725	1,725
5,550	5,600	558	558	8,550	8,600	858	858	11,550	11,600	1,283	1,283	14,550	14,600	1,733	1,733
5,600	5,650	563	563	8,600	8,650	863	863	11,600	11,650	1,290	1,290	14,600	14,650	1,740	1,740
5,650	5,700	568	568	8,650	8,700	868	868	11,650	11,700	1,298	1,298	14,650	14,700	1,748	1,748
5,700	5,750	573	573	8,700	8,750	873	873	11,700	11,750	1,305	1,305	14,700	14,750	1,755	1,755
5,750	5,800	578	578	8,750	8,800	878	878	11,750	11,800	1,313	1,313	14,750	14,800	1,763	1,763
5,800	5,850	583	583	8,800	8,850	883	883	11,800	11,850	1,320	1,320	14,800	14,850	1,770	1,770
5,850	5,900	588	588	8,850	8,900	888	888	11,850	11,900	1,328	1,328	14,850	14,900	1,778	1,778
5,900	5,950	593	593	8,900	8,950	893	893	11,900	11,950	1,335	1,335	14,900	14,950	1,785	1,785
5,950	6,000	598	598	8,950	9,000	898	898	11,950	12,000	1,343	1,343	14,950	15,000	1,793	1,793

