Consumer Math B

**Unit 6: Final Exam**

**Lesson 1 – Consumer Math B Final Exam**

**Final Exam Part 1**

Question 1: Read each question carefully. Choose the best answer for each question or statement. \_\_\_\_\_ is a financial term that denotes when an asset increases in value.

* **Appreciate**
* Growth
* Increase
* Depreciate

Question 2: The correct order for savings is \_\_\_\_\_.

* emergency fund, pay off credit card, and retirement fund
* pay off credit card, retirement fund, and emergency fund
* **pay off credit card, emergency fund, and retirement fund**
* retirement fund, emergency fund, and pay off credit card

Question 3: Which item is NOT a savings instrument?

* **checking account**
* saving account
* CD
* Treasury bond

Question 4: A \_\_\_\_\_ is the amount you pay for the purchase of a house that decreases the amount of the loan.

* closing payment
* closing cost
* origination payment
* **down payment**

Question 5: A tendency to avoid putting money into high-risk investments is known as being \_\_\_\_\_.

* saver
* **risk-averse**
* investment-averse
* conscientious saver

Question 6: Which item is the U.S. Treasury most known for issuing?

* CDs
* savings notes
* **bonds**
* investment notes

Question 7: Your ability to borrow money at lower rates improves as \_\_\_\_\_.

* you save more
* you earn more
* your debt ratio increases
* **your credit score increases**

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Question 8: \_\_\_\_\_ improves as degree of educational attainment increases.

* **median income**
* borrowing rate
* interest rate
* savings ability

Question 9: When paying off credit card debt, it is best to pay off \_\_\_\_\_ cards first.

* high balance, low interest
* low balance, low interest
* **high balance, high interest**
* low balance, high interest

Question 10: Which type of debt is often unsecured?

* mortgage
* auto loan
* boat loan
* **credit card**

Question 11: Income and expenses are found on a \_\_\_\_\_

* **budget**
* income statement
* expense statement
* income flow statement

Question 12: When your income is more than your expenses, you have \_\_\_\_\_.

* a deficit
* excess income
* **a surplus**
* appreciation

Question 13: If you are given a 4% raise and inflation is 1%, you are \_\_\_\_\_.

* making 4% more
* **making 3% more**
* making 3% less
* making 4% less

Question 14: Which is NOT a part of your budget?

* fixed expenses
* **gross pay**
* discretionary expenses
* realized income

Question 15: To put money into a savings account, CDs, and stocks is to \_\_\_\_\_.

* be risk-adverse
* invest
* secure assets
* **diversify**

Question 16: For questions 16–36, you will be answering by filling in the blanks. Please be aware that your answer must include any commas or decimals in their proper places in order to be correct. The dollar signs have been provided. For example, if the answer is $1,860.78, then you will enter into the blank 1,860.78. Do not place any extra spaces between numbers, commas, or decimal places. Round any decimals to the nearest penny when the answer involves money, so that $986.526 would be typed into the blank as 986.53 and $5,698.903 would be typed into the blank as 5,698.90. If the answer is 10 dollars, then you will enter 10.00 into the blank. You are paid $10.65/hr. Your deductions are FICA (7.65%), federal tax withholding (9.9%), and state tax withholding (7.35%). Your housing and fixed expenses are $493.68/month. How many hours per month must you work to be sure those expenses are paid? (Type as a whole number with no decimal places.)

* **62**

Question 17: You are paid $15.60/hr. Your deductions are FICA (7.65%), federal tax withholding (11.15%), and state tax withholding (6.5%). You work 15 hr/wk and save 10% each week. How much do you save each month?

* **69.96**

Question 18: You work a part-time job earning $6.80/hr with tips that average $2.30/hr. You work 20 hr/wk and your deductions are FICA (7.65%), federal tax withholding (8.95%), and state tax withholding (6.1%). How much are you allowed in housing expenses per month?

* **157.47**

Question 19: Your housing and fixed expenses are $685.70/month. If they are 33% of your realized income, how much is your realized income per month?

* **2,077.88**

Question 20: You owe $2,875.59 on a credit card at a 13.7% APR. If you pay $400.00/month, what is the difference in the amount of interest accrued by the end of the month if you pay at the beginning of the month versus the end of the month?

* **4.57**

Question 21: You save $3,260.00 in a savings account earning a 3.55% APR compounded monthly. How much is the total interest earned by the end of the third month?

* **29.01**

Question 22: Your realized income is $36,864.00/yr. Your fixed and housing expenses are 32% and your savings are 15% of your realized income per month. How much discretionary money do you have, excluding savings, per month?

* **1,628.16**

Question 23: You are purchasing a house 12 years from now. The estimated purchase price is $171,600.00. You want to make a 20% down payment. How much do you need to save per month to reach your goal?

* **404.54**

Question 24: Your realized income is $36,864.00/yr. Your fixed and housing expenses are 32% and your savings are 15% of your realized income per month. How much discretionary money do you have, excluding savings, per month?

* **238.33**

Question 25: Using the information from Problem 24, if closing costs are 8.7%, how much additional money do you need to save per month to cover the additional expense?

* **103.68**

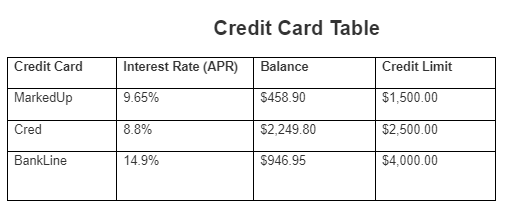
Question 26: You owe $2,264.96 on a credit card at a 14.7% APR. You pay $500.00/month. How many months does it take to pay off your balance? (You do not have to use the decimal places for this answer.)

* **5**

Question 27: You owe $1,455.69 on a credit card at a 12.8% APR. You pay 15 days after the due date and the late fee is $35.00, making it 45 days of accrued interest. You pay $250.00. How much is your balance after the payment?

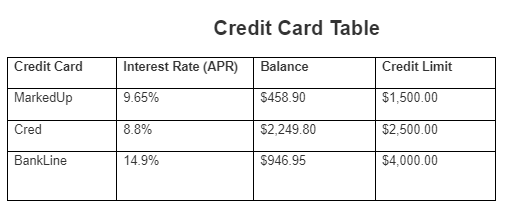
* **1,263.66**

Question 28: Use the table to answer question. What is your current debt ratio as a percentage to the nearest hundredth?



* **45.70**

Question 29: Use the table to answer the question. Which balance accrues the most interest in a month?



* **2,249.80**

Question 30: Use the following scenario for questions 30 and 31. You save $8,500.00. You place 40% in a savings account earning a 4.2% APR compounded annually and the rest in a stock plan. The stock plan decreases 3% in the first year and increases 7.5% in the second year. What is the total gain at the end of the second year for both accounts combined?

* **509.63**

Question 31: If you had invested 60% in the savings account and the rest in the stock plan, what is the difference in the total gain compared to the original plan?

* **73.12**

Question 32: Use the document below to answer questions 32 and 33.

[Labor Statistics Document](https://school-content.pearson.com/m%2F13c46943-5e4c-46de-b130-276b4a1eafea%2F499b04b7-e000-4c46-a3e6-a96497f23184_752478_Labor_Statistics_Data_2018.pdf)

If you are female, what is the weekly median income difference between an associate’s degree and a bachelor’s degree?

* **324.00**

Question 33: Use the document below to answer questions 32 and 33.

[Labor Statistics Document](https://school-content.pearson.com/m%2F13c46943-5e4c-46de-b130-276b4a1eafea%2F499b04b7-e000-4c46-a3e6-a96497f23184_752478_Labor_Statistics_Data_2018.pdf)

What is the yearly difference in median income with less than a high school diploma for a female versus a male?

* **7,176.00**

Question 34: You are paid $13.70/hr. You work 40 hr/wk and your deductions are FICA (7.65%), federal tax withholding (11.55%), and state tax withholding (8.35%). Your housing and fixed expenses are 30% of your realized income per month and you want to save 6 months worth in an emergency fund. How much do you need to save?

* **2,858.58**

Question 35: You have a realized income of $3,264.71/month. Your housing and fixed expenses are 36% of your monthly realized income. You want to save 4 months of an emergency fund within 9 months. How much must you save each month?

* **522.36**

Question 36: Your friend wants to pay off his credit card with a balance of $880.00 and an interest rate of 16.65% APR by getting a loan from you. You agree to the loan, but insist your friend pay you interest of 3.25% APR. Your friend agrees. How much interest does your friend save at the end of the first month by paying you instead of the credit card?

* **9.83**

**Final Exam Part 2**

Question 37: Note: Enter your answer and show all the steps that you use to solve this problem in the space provided.

Questions 37–40 are WorkPad questions. Each question is worth 6 points—you will receive 2 points for the correct answer and 4 points for a correct explanation of the process.

You owe $1,568.00 on a credit card with a limit of $2,200.00 at an interest rate of 11.3% APR. You pay $300.00 at the beginning of each month until it is paid off. How many months does it take you to pay it off and how much is the total interest you paid?

Be sure to include in your response:

* the steps you followed to complete your computations
* the answers to the questions

Question 38: Note: Enter your answer and show all the steps that you use to solve this problem in the space provided.

You earn $17.50/hr and work 40 hr/wk. Your deductions are FICA (7.65%), federal tax withholding (12.3%), and state tax withholding (6.2%). Your housing and fixed expenses are 30% of your realized income per month. You want to save 5 months' worth in an emergency fund within a year. How much do you need to save per month to fund the emergency fund, and how much discretionary money remains per month?

Be sure to include in your response:

* the steps you followed to complete your computations
* the answer to the two questions

Question 39: Note: Enter your answer and show all the steps that you use to solve this problem in the space provided. Use the labor statistics document for this problem. [Labor Statistics](https://www.connexus.com/content/media/1289651-4192019-84342-AM-805046585.pdf)

You are a male who just graduated from college with a bachelor’s degree. You have a job paying $50,780.00/yr.

a. How does your salary compare to the yearly median earnings for a male with a bachelor’s degree?

b. What is the difference between the yearly median earnings for a male with a bachelor’s degree compared to a male who does not attend college after earning a high school diploma?

Be sure to include in your response:

* the answer to the original question
* the mathematical steps for solving the problem demonstrating mathematical reasoning

Question 40: Note: Enter your answer and show all the steps that you use to solve this problem in the space provided.

You save $15,000.00. You place one-third in a savings account earning a 4.6% APR compounded annually. You then invest one quarter of the remaining balance in a 3-year U.S. Treasury bond earning a 5.2% APR compounded annually and the rest in a stock plan. Your stock plan increases in value 3% the first year, decreases 8% in value the second year, and increases 6% in value the third year. What are the balances for each account by the end of the third year and the total gain on your original saved amount?

Be sure to include in your response:

* the answer to the original question
* the mathematical steps for solving the problem demonstrating mathematical reasoning