CFM Pre-Test

Name: ____________________________________ Date: ______________________________

Multiple Choice

1. Magda is going to finance her car purchase using an auto loan. Which statement below is accurate?

    a. Her principal is the cost of the car, minus any down payment she makes

    b. Her interest rate is the total cost she'll pay after making all of her principal and interest payments

    c. Choosing a shorter term means it will take her longer to repay the loan

    d. It's likely that her monthly payment will be between 4-5% of the cost of the car

2. Jaime is creating a budget for the first time and doesn't know which to use - NET PAY or GROSS PAY. What do you tell him?

    a. "Use net pay, because it's the total amount you've earned minus taxes and other deductions."

    b. "Use gross pay, because it's the total amount you've earned minus any recurring bills you owe for the month."

    c. "Use net pay, because it's the total amount you've earned for the month."

    d. "Use gross pay, because that is the amount that is reported to the government for taxes."

3. Why is sending a personalized thank you after a job interview important?

    a. It shows that you want the job even if you don't really like the company

b. You can apologize for any mistakes you made in the interview

c. It gives you the opportunity to leave a good impression by expanding on an answer you gave or a topic you discussed

d. It allows you to boast about your accomplishments one last time

4. What do you need to subtract from a college's cost of attendance in order to find the net price?

    a. Student Aid Index

    b. Application fees

    c. Personal expenses

    d. Your grants and scholarships

5. All of the following are characteristics of a secured credit card EXCEPT...

    a. Your credit limit is dependent on the amount of your security deposit

    b. They lower the risk of banks when issuing credit to users with no credit history

    c. They help you build a credit history and improve your credit score

    d. They don't have a spending limit, so you have to be very mindful of how much you buy with them

6. Zoe buys three new lipsticks from a store at the mall. Which payment method would reduce the amount of money in her checking account?

    a. Pays with a prepaid card she loaded earlier in the month

    b. Uses her credit card and says, "Credit" when the cashier asks, "Credit or debit?"

    c. Uses her debit card and says, "Credit" when the cashier asks, "Credit or debit?"

    d. Pays with cash she had in her purse

7. The monthly premium for Kevin's renters insurance is $15, and his deductible is $500. During the month of April, someone breaks into his apartment and steals or destroys $2200 worth of his possessions. How much will Kevin pay and how much will the insurance pay to replace his items?

    a. Kevin pays $0 // insurance company pays $2200

b. Kevin pays $15 // insurance company pays $2200

c. Kevin pays $500 // insurance company pays $2200

d. Kevin pays $500 // insurance company pays $1700

8. Which definition best describes the FAFSA?

    a. The amount of money the federal government offers you in student loans

    b. The paperwork your bank has you complete in order to take out a personal student loan

    c. The paperwork you complete in order to have part of or all of your student loan debt forgiven

    d. The application you submit in order to determine eligibility for federal student aid

9. Which of the following best describes the amount of money you'll have if you put $1000 into a savings account earning 1% annual compound interest for 10 years? You can ignore the impact of inflation in this question.

    a. Exactly $1100

    b. Slightly more than $1100

    c. $2000

    d. Exactly $11,000

10. All of the following can be found in your credit report EXCEPT...

    a. Your credit payment history

    b. Your checking account balance history

    c. The average age of your credit accounts

    d. Your total number of active credit accounts

11. Suppose you are trying to switch banks or open a brand new credit card. Which strategy will likely lead to the WORST long-term outcome?

    a. Look for sign-up bonuses or introductory offers that will make the product a good deal

    b. Read online reviews carefully, and consider those that align most closely to what you value

c. Spend some time comparison shopping before finalizing your decision

d. Review the fine print closely, paying close attention to fee structures and interest rates

12. These high school seniors each bought $1500 of stuff to bring to college with them in the fall. Each one used a credit card with similar terms to make their purchases. Who will pay the LEAST interest for their purchases?

    a. Stephan, who pays the first $1000 using graduation money and then pays $250 per month until the debt is $0

    b. Jasmine, who had saved the $1500 previously and pays off the whole balance once her bill comes

    c. Nelson, who makes the minimum monthly payment each month until the debt is $0

    d. Robert, who makes $300 payments per month until the debt is $0

13. Using Target Date Funds can be beneficial for beginner investors, because...

    a. A fund manager customizes your asset allocations for you

    b. It guarantees that you will have enough money for retirement and doesn't require a lot of management

    c. It will automatically adjust your assets for you over time

    d. It minimizes risk by investing 50% in stocks and 50% in bonds

14. Which statement accurately describes the difference between a student loan and a scholarship or grant?

    a. Student loans always come from the Federal government, while scholarships and grants always come from the college

    b. Student loans need to be repaid, while scholarships and grants are both "gift aid" that don't need to be repaid

    c. Student loans are a result of completing your FAFSA, while scholarships and grants are a result of winning contests

d. Student loans are only available to a select few college students each year, while scholarships and grants are plentiful and easy to get

15. When you have liability coverage with your auto insurance policy...

    a. Your insurance will cover the payment for your broken windshield if your car gets broken into

    b. You cannot be found liable or guilty of causing an accident

    c. Your insurance will cover the payment for your neighbor's fence repair if you crash into it backing out of the driveway

    d. Your medical bills will be covered if you're in an accident, even if you are at fault

16. All of the following scenarios are examples of dark patterns EXCEPT...

    a. Mihir makes an unintended in-app purchase due to confusing buttons in the app

    b. Jessica books a hotel room before reading its reviews due to a countdown timer on the website

    c. Idris has to go through a series of tedious steps to close an account for an online shopping site

    d. Arya is able to unsubscribe from an email list using the clear "unsubscribe" link at the bottom of one of the emails

17. Which person from this list is saving rather than investing?

    a. Yvonne, who puts $750 per month into her bank account earning 1% interest

    b. Danielle, who contributes 2% of her pay to her company's 401(k) plan

    c. Daryl, who uses his $5000 end-of-year bonus to buy Treasury bonds

    d. Alexis, who buys $100 worth of shares in an S&P 500 index fund every month

18. What information is typically included in a resume?

a. References and recommendations

b. Personal statement and career goals

c. Education, experience, and work skills

d. Introduction and personal story

19. Laura is a high school student who has a part-time job at a department store. All of the following options will be deducted from her paycheck EXCEPT...

    a. Medicare

    b. Federal taxes

    c. Overdraft fees

    d. Social Security

20. Jay asks his friends for advice: "Should I start doing mobile banking now that I've got my new smartphone?" Which friend is correct in their statement on the benefits of mobile banking?

    a. It's so convenient, because you can deposit your check using your phone's camera and the bank's app

    b. One major pro of mobile banking is that they typically waive all of the normal fees like overdraft fees, ATM fees, and insufficient funds fees

    c. One inconvenience is that once you set up mobile banking on your phone, you can't use online banking on your computer any more

    d. A con of mobile banking is that typically banks charge you a $10-15 set-up fee in addition to a small monthly fee (~$3) for mobile banking privileges

21. Maura has started a full-time job as an accountant at a nonprofit organization. Which tax paperwork is she likely to receive during her first week on the job?

    a. A Medicaid enrollment form

    b. A W-4 form

    c. A 1040 form

    d. A W-2 form

22. Maria earns $3,200 per month. She estimates her monthly costs to be: apartment rent of $1,000, car loan and insurance of $750, groceries of $300, utilities of $250, phone/internet of $150, and other expenses of $400. Which of the following is TRUE?

    a. Maria's expenses are higher than her income, so she will have to reduce her spending

    b. Maria is spending exactly what she earns, leaving no money for savings

    c. Maria cannot afford her car payment with her current income

    d. Maria has $350 left over each month that could be used to build savings or pay off debt

23. Comparison shopping is the practice of...

    a. Comparing a product you bought a year ago to an updated version that is available now

    b. Comparing the quality of a product you bought to the quality of a similar product your friend bought

    c. Comparing the prices of two unrelated products you need to purchase

    d. Comparing various factors of the same product offered by different retailers before making a purchasing decision

24. What is one step you can take to protect yourself from identity theft?

    a. Check your bank statements each month to verify that all transactions are accurate

    b. Log into your bank's mobile app using a public WiFi network

    c. Throw away expired bank account cards and documents without shredding them

    d. Use websites that start with "http" instead of "https"

25. Hudson always makes the minimum monthly payments on all of his debts, on time. He receives a raise at work which gives him an extra $250 per month in take-home pay. If his primary goal is to minimize the amount of interest he'll pay over the lifetime of his debts, which debt should he pay down most quickly using his increased pay?

    a. His car loan with a 6.9% interest rate

    b. His credit card with a 19.7% interest rate

    c. His private student loans with an 11.8% interest rate

    d. His Federal student loans with a 3.76% interest rate