

Career and Technical Education Learning-in-Place activity

Economics and Personal Finance

As an Economics and Personal Finance student, you will take the national WISE exam as your industry certification. The following questions have been designed as a practice tool for this credential. Please make sure that you work to answer each question to the best of your ability. These items will be reviewed with you upon return to school.

Question 1 If a person makes a deposit of \$10,000 or more into a bank account, the bank must notify the

- Answer A US Treasury Department.
- Answer B Federal Deposit Insurance Corporation. (FDIC).
- Answer C State Banking Commission.
- Answer D Federal Reserve Board.

Question 2 When James received his paycheck, he planned to cash it at a check cashing store. You advise him to cash it at his own bank if possible. Why?

- Answer A They typically require a two day waiting period before giving cash
- Answer B They typically charge high fees
- Answer C There is likely to be a ceiling on the size of the check he can cash
- Answer D They generally require a co-signor

Question 3 Which financial product may pay a dividend?

- Answer A Savings account
- Answer B Money market account
- Answer C Certificate of deposit
- Answer D Common stock

Question 4 Which financial product can you buy for \$25, is safe, and will be worth \$50 at a future date?

- Answer A Series EE savings bond
- Answer B Certificate of deposit
- Answer C 50 shares of ABC Co. stock
- Answer D ABC Co. bond

Question 5 Employees prefer direct deposits because:

- Answer A There is a small fee for the service
- Answer B The danger of losing a paycheck is slightly reduced
- Answer C The money is generally deposited in their checking account sooner than it would be if they had to deposit it in person
- Answer D Direct deposits earn a higher rate of interest

Question 6 Financial services and products generally offered by banks and credit unions include:

- Answer A Real estate listings
- Answer B Savings and loans
- Answer C Legal services
- Answer D Business plans

Question 7 Banks use savings account deposits to:

- Answer A Make their services and products attractive for new depositors
- Answer B Pay for employee special projects
- Answer C Give loans to consumers and businesses
- Answer D Improve the quality of life in low-income communities

Question 8 Which financial product has the most predictable income?

- Answer A Stock
- Answer B Real estate
- Answer C Certificate of deposit
- Answer D Option/future contract

Question 9 The National Credit Union Administration (NCUA) insures accounts in:

- Answer A Credit unions
- Answer B Commercial banks
- Answer C Brokerage firms
- Answer D Savings banks

Question 10 A teenage boy has opened a checking account. He is surprised to find that though he is getting a written bank statement each month he is not getting his cancelled checks returned. The teenager should be aware that the reason cancelled checks are NOT returned is to

- Answer A protect him from providing opportunities for forgery.
- Answer B insure that he does not receive important materials he is likely to lose.
- Answer C lessen the banks need to maintain records of check transactions.
- Answer D save the bank money associated with returning copies of these checks.

Question 11 To qualify for a Federal Housing Administration (FHA) loan, a person must generally

- Answer A have at least a high school diploma.
- Answer B have one-quarter of the cost of the home for a down-payment.
- Answer C fulfill income guidelines.
- Answer D provide two individuals to co-sign the loan.

Question 12 A person has three credit cards with very large outstanding balances and is unable to make payments on any of them. Which action should the person take?

- Answer A Notify a credit reporting agency in order to avoid a late fee.
- Answer B File for bankruptcy in order to maintain ones current credit score.
- Answer C Notify the credit card companies in order to negotiate a new payment plan.
- Answer D Contact the Internal Revenue Service in order to avoid paying income tax this year.

Question 13 When a person brings an item to a pawnshop to obtain cash, the transaction is considered

- Answer A a collateralized loan.
- Answer B a custodial payment.
- Answer C an unsecured loan.
- Answer D a sales agreement.

Question 14 When a person declares bankruptcy that fact will appear on the persons credit report

- Answer A for a 3 year period.
- Answer B for a 10 year period.
- Answer C until the person repays all debts owed.
- Answer D until the person is able to receive a new credit card.

Question 15 Which of the following is considered to be open-end credit?

- Answer A A mortgage.
- Answer B A car loan.
- Answer C Department store charge cards.
- Answer D Installment loans.

Question 16 What is meant by an uncollateralized loan?

- Answer A A loan not backed by a co-signer who agrees to cover the amount of the loan.
- Answer B A personal loan without assets to cover the loan amount.
- Answer C A home equity loan.
- Answer D A loan taken on a life insurance policy.

Question 17 Predatory lending practices do not include which of the following:

- Answer A A creditor knocking on your door and agreeing to refinance your mortgage without looking at your credit history
- Answer B An individual agreeing to a high cost loan with excessive fees
- Answer C A lender who expects a loan to be refinanced when you are unable to make payments
- Answer D A loan that you can afford with an interest rate that is the same as the interest rate being charged by at least three other financial institutions

Question 18 The Equal Credit Opportunity Act:

- Answer A Makes it illegal for creditors to grant credit on any characteristics other than those that reflect creditworthiness
- Answer B Stipulates that credit must be available to any U.S. citizen
- Answer C Allows credit to be denied even if the applicant has a good credit history
- Answer D Allows credit to be denied based on the applicant's cultural background

