1. A budget can be defined as:
   - [ ] A. A personal plan for how finances will be used in the future.
   - [ ] B. An organized list of bills and expenses that must be paid.
   - [ ] C. A financial plan that accounts for income, expenses, debt payments, and savings.
   - [ ] D. A prioritized record of income and debts.

2. If you are unable to pay off the entire balance you owe in credit card debt, the best way to pay off the balance is to _____.
   - [ ] A. Pay more than the minimum monthly payments on all your credit cards.
   - [ ] B. Pay off the card with the lowest balance first.
   - [ ] C. Pay the maximum your budget allows on the card with the highest interest rate.
   - [ ] D. Pay the maximum payment on the card with the highest balance.
   - [ ] E. Uncertain

3. Which of these statements is/are true about debt? More than one answer may be correct.
   Please select all answers that apply.
   - [ ] A. Debt should be avoided.
   - [ ] B. Debt always hurts one’s finances.
   - [ ] C. Debt carries risk.
   - [ ] D. Debt can provide financial benefits.

4. Which of the following is an example of “cash flow?” More than one answer may be correct.
   Please select all answers that apply.
   - [ ] A. After paying her expenses and debts each month, Áileen has $1,000 left over.
   - [ ] B. Phoebe and Dexter have $4,500 in the bank after deducting their total outstanding loans and debts from their assets.
   - [ ] C. Bill has $3,200 in the bank after deducting his total outstanding loans and debts from his assets.
   - [ ] D. After paying her expenses and debts each month, Hanna has $225 left over.

5. Which loan term is best if you want to reduce the total amount you will repay over the life of the loan?
   - [ ] A. 3 Year
   - [ ] B. 5 year
   - [ ] C. 7 year
   - [ ] D. 10 year
   - [ ] E. Uncertain

6. Which of the following is a function of a credit bureau? More than one answer may be correct.
   Please select all answers that apply.
   - [ ] A. Credit bureaus set interest rates for credit card companies.
   - [ ] B. Credit bureaus collect information on your work history, bill payments, and bankruptcies.
   - [ ] C. Credit bureaus provide your credit report to third parties.
   - [ ] D. Credit bureaus provide individual and small business loans

7. Credit scores generally fall in the range of: (Multiple Choice, single answer correct)
   - [ ] A. 250–750
   - [ ] B. 300–850
   - [ ] C. 350–850
   - [ ] D. 400–900

8. How long do credit bureaus retain positive credit history data? More than one answer may be correct.
   Please select all answers that apply.
   - [ ] A. Up to 5 Years for closed accounts paid on time
   - [ ] B. Up to 7 Years for currently open accounts paid on time
   - [ ] C. Up to 10 years for closed accounts paid on time
   - [ ] D. Indefinitely for currently open accounts paid on time
9. Which of the following factors affects the federal tax owed by an individual to the federal government? (Multiple Choice, single answer correct)
   - A. Number of Children
   - B. Retirement Contributions
   - C. Income
   - D. All of the above

10. Your housing ratio should be no more than around percent of your total income before taxes. (Multiple Choice, single answer correct)
   - A. 10
   - B. 20
   - C. 30
   - D. 40

11. Which of the following is the formula to determine Housing Expense-to-Income Ratio? (Multiple Choice, single answer correct)
   - A. Monthly Housing Costs ÷ Monthly Net Income
   - B. Monthly Housing Costs ÷ Monthly Gross Income
   - C. Monthly Net Income ÷ Monthly Housing Costs
   - D. Monthly Gross Income ÷ Monthly Housing Costs

12. Which of the following items will not be affected by inflation?
   - A. Groceries
   - B. Gas and power bills
   - C. Existing fixed-rate home mortgages
   - D. Student loan rates

13. Which of the following is a risk associated with investing? More than one answer may be correct. Please select all answers that apply.
   - A. Investors may lose their money due to economic changes.
   - B. The value of an asset may fluctuate over time.
   - C. Interest rates may decline over time.
   - D. An investor may save money on taxes.

14. Which of the following factors should you take into consideration when developing your investment plan?
   - A. Your investment time horizon
   - B. Your risk tolerance
   - C. Inflation
   - D. All of the above

15. Each month Bradley purchases $200 worth of a stock, regardless of its cost. This is an example of:
   - A. Asset Allocation
   - B. Diversification
   - C. Opportunity Cost
   - D. Dollar Cost Averaging

Test questions provided by the National Financial Educators Council.