

# BOOK 1 Final Assessment Quiz

You earn \$150/month and have the following expenses:

- \$15/week — eating out
- \$40/month — gym
- \$60/month — phone bill

1. Assuming there are 4 weeks in a month, how do your expenses compare to your income?  
☐ A. Expenses are higher.  
☐ B. Income is higher.  
☐ C. They are the same.
2. You'd like to put \$25/month into savings. Which of the following is a "want" that you could cut back on?  
☐ A. Gym membership  
☐ B. Eating out  
☐ C. Both are wants.
3. The best tool for budgeting is:  
☐ A. Financial management app  
☐ B. Pencil and paper  
☐ C. Spreadsheet software  
☐ D. Any system that you'll use

You are opening a savings account with \$100 and have two options: Option 1 pays 4.8% annual interest, compounded monthly. Option 2 pays 5% annual interest, compounded annually. Use this data to answer these questions.

4. If you don't plan on adding to the initial deposit, which account is the better choice?  
☐ A. Option 1  
☐ B. Option 2  
☐ C. Both are the same.
5. If you plan to deposit \$50/month, which account is the better choice?  
☐ A. Option 1  
☐ B. Option 2  
☐ C. Both are the same.
6. Which of these compounding methods will grow your savings balance the quickest?  
☐ A. Daily compounding  
☐ B. Monthly compounding  
☐ C. Quarterly compounding

You open a checking account with \$50 and set up your \$200 paychecks to be directly deposited on the 1st and 15th of each month. You also set up recurring monthly payments to a music service for \$9.99 and cloud storage for \$1.99. For most purchases, you use your debit card or cardless payment system on your smartphone; you go to the ATM for cash about once per week, and you're not very good at managing your budget, so you overdraft a few times a year.

7. Which would you choose?  
☐ Bank A - pays 2% interest with minimum balance of \$500; charges \$10/month fee if balance is below \$500; charges \$34 each time you overdraft  
☐ Bank B - no interest; \$10 monthly fee waived for at least 2 EFTs per month; no overdraft fee, but checks are returned unpaid if you don't have enough funds  
☐ Bank C - 1% interest, \$5 monthly fee waived for direct deposit; overdraft fee is \$10 and they won't charge for subsequent overdrafts that occur on the same day
8. What are the major differences between internet-based checking accounts and brick-and-mortar banks?  
☐ A. internet banks tend to charge lower fees.  
☐ B. Internet banks don't usually have their own ATMs.  
☐ C. They are very similar.  
☐ D. All of the above.

You want to open a new credit card: Option A charges 18% interest. Option B charges 0% interest for the first 6 months, and 22% interest for every month after that. You can afford to pay \$50 a month toward your credit card debt. Use the online payoff calculator at [www.creditcards.com/calculators/payoff](http://www.creditcards.com/calculators/payoff) to answer the questions.

If you spend \$500 on a new phone, which bank will take longer to pay off?

- A. Option A
- B. Option B
- C. It will take the same amount of time.

In which case will you pay less interest?

- A. Option A
- B. Option B
- C. Interest would be equal.