Pre-Assessment

Student Name: _____

Directions: Answer each question responding with a, b, c or d.

1. Select each advantage of federal student loans compared to private student loans. You may select more than one correct answer.

    a. Federal student loans are dischargeable in bankruptcy

    b. Federal student loans usually offer fixed lower interest rates

    c. Federal student loans have more favorable repayment terms

    d. Federal student loans do not need to be repaid

2. Someone broke into your apartment and stole $3,500 worth of your stuff. You do not have renters insurance, but you did give your landlord a $500 rental deposit before moving in. Select one of the following consequences.

    a. Your landlord will reimburse what was stolen, minus the $500 rental deposit

    b. You will be fully reimbursed if you file a police report

    c. Your landlord is fully responsible for reimbursing what was stolen

    d. None of these answers are correct

3. You have a checking account at a bank with average fees. You are charged $35 per overdraft protection transaction. You start the day with $40 in your checking account and spend $120 for new shoes at the mall, then $15 at the movies, then $10 for burgers, then $14 for gas. How much in overdraft fees will be charged to your account by your bank?

    a. $0

    b. $5

    c. $35

    d. $140

4. How is a below minimum balance fee paid?

    a. The bank sends you a bill, only payable with cash or a check

    b. The bank sends you a bill, which you can pay with a credit card

    c. The bank takes the money out of your account immediately

    d. None of these answers are correct

Practical Money Skills

5. Most payday loans have an interest rate below 120% and are repaid in full and on time.

    a. True

    b. False

6. Sam is 15 and invests $1,000 from his summer job in a Kiddie IRA. The IRA ends up earning 8% per year. How much will Sam's investment be worth at the age of 24?

    a. There is no way to know for sure

    b. $500

    c. $1,000

    d. $2,000

7. You and your friends just signed a one year lease for an apartment in your name right out of high school. You pay $500 a month in rent ($1,500 total for the apartment). Your friends move out after the first month. How much of the rent are you responsible for paying?

    a. $0 as long as you give 30 days notice

    b. Only $500, your portion of the rent

    c. Only $1,500 for the month

    d. The remainder of the rent owed on the one year lease agreement

8. You are contributing to a 401k. Your financial planner charges 1.5% annually, the mutual funds you are invested in charge 2.5% annually, and your 401k fee is paid by you (not your employer), which is 1%. Your investment returned 7%! After accounting for fees, what was your actual return?

    a. A loss of 5%

    b. A gain of 2%

    c. A gain of 7%

    d. A gain of 9%

9. Select each useful strategy you can use prior to making an important financial decision. You may select more than one correct answer.

    a. Consider the opportunity cost of your choice

    b. Take your emotional pulse

    c. Focus on multiple decisions at a time

    d. Play "Devil's Advocate" with yourself

10. You have received the financial award letter from your favorite college, which is exhibited below.

> Best College Financial Award Letter
>
> Annual Tuition, room, board, and fees: $27,500
>
> Annual Subsidized loan: $5,000
>
> Annual Unsubsidized loan: $15,000
>
> Annual Grant: $1,000
>
> Annual Scholarship: $1,500
>
> Total remaining amount due over four years: $20,000

How much are you responsible for paying over four years if you meet all of the requirements for the scholarship, grant, and loans?

> a. $20,000
>
> b. $26,500
>
> c. $100,000
>
> d. $106,000

11. Select each strategy you should use to safely interact with personal information online. Select all that apply.

> a. Ensure the url begins with: http
>
> b. Use public WiFi and not your data when mobile banking in public
>
> c. Keep all anti-virus software up to date
>
> d. Use a strong password

12. Your banking fee history is private and not shared with other banks.

> a. True
>
> b. False