Economics Questions from PowerPoints: Click in the correct answer box or write an X in the correct answer box.

1. An example of a long-term goal would be:

 [ ]  A. A family vacation

 [ ]  B. Buying a used car

 [ ]  C. Purchasing a stereo

 [ ]  D. Saving for retirement

2. An example of a clearly written financial goal would be:

 [ ]  A. “To pay off credit card bills by 2015.”

 [ ]  B. “To save money for college for the next five years.”

 [ ]  C. “To invest in an international mutual fund for retirement.”

 [ ]  D. “To establish an emergency fund of $4,000 in 18 months.”

3. What element is missing from the following financial goal?

 “I will save $75 eachweek to go on a vacation to Hawaii.”

 [ ]  A. Time bound

 [ ]  B. Realistic

 [ ]  C. Attainable

 [ ]  D. Specific

4. Which of the following are components of a financial plan?

 [ ]  A. Checkbooks, saving, and investment plans

 [ ]  B. Balance sheet, tax deductions, and savings plan

 [ ]  C. Budget, bank statement, and net worth statement

 [ ]  D. Goals, net worth statement, and investment plan

5. What is a personal value?

 [ ]  A. Something thought to be a necessity or essential items required for life.

 [ ]  B. Something unnecessary but desired or items which increase the quality of living.

 [ ]  C. A fundamental belief or practice about what is desirable, worthwhile, and important to an individual.

 [ ]  D. The end result of something a person intends to acquire, achieve, do, reach, or accomplish in the near or distant future.

6. An individual’s financial plan will vary depending upon one’s

 [ ]  A. Financial goals

[ ]  B. Values

[ ]  C. Lifestyle conditions

[ ]  D. All of the above

7. Which of the following is NOT a consideration in decision making?

 [ ]  A. List alternative

 [ ]  B. Evaluate alternatives

 [ ]  C. Decide how much you really want it

 [ ]  D. Define the problem

8. What is the purpose of goal setting in the financial planning process?

 [ ]  A. To facilitate decision making

 [ ]  B. To provide direction for planning and action

 [ ]  C. To clarify goal ranges

 [ ]  D. To differentiate between needs and wants

9. SMART goals are:

 [ ]  A. Spontaneous, markable, already done, random, and testy

 [ ]  B. Specific, movable, achievable, reliable, and too hard

 [ ]  C. Specific, measurable, attainable, realistic, and time bound

 [ ]  D. Sincere, measurable, artistic, realistic, and timely

10. Marcus set a goal to buy a car in the next few months. He plans to make a $2500 down payment and has already saved $1300. If he can save $150 each month for this goal to buy a car, how long will it take him to save the entire $2500?

[ ]  A. 6 months

[ ]  B. 8 months

[ ]  C. 10 months

[ ]  D. 12 months

11. Values, peers, family, feelings, and habits can influence:

 [ ]  A. Education

 [ ]  B. Relationships

 [ ]  C. Financial decisions

 [ ]  D. None of the above

12. Scarcity is an economic principle stating that because of , an economic system cannot possibly produce all the goods and services that people want.

[ ]  A. Limited Resources

[ ]  B. Spending habits

[ ]  C. Low income

[ ]  D. Excessive debt

13. Sarah bought the latest jeans because her friends said she saw them in a magazine. What influenced Sarah’s decision?

[ ]  A. Her budget

[ ]  B. Peer pressure

[ ]  C. Debt to income ratio

[ ]  D. Advertising

14. Encouraging customers to delay payment on a purchase to get a sale price is an example of:

[ ]  A. Advertising

[ ]  B. Economics

[ ]  C. Poor choices

[ ]  D. Sales strategy

15. A practical reason to make an expensive purchase would be:

 [ ]  A. Peer pressure

 [ ]  B. Need

 [ ]  C. Impulse

 [ ]  D. Emotions

16. Once I have ranked my priorities and am working towards them, is it a bad thing to change my mind?

[ ]  A. No. In fact your priorities are likely to change over time anyway, and you should prepare for that.

[ ]  B. Probably, because you will undermine your savings discipline and jeopardize your ability to achieve your goals.

[ ]  C. Not necessarily, but it does mean that most of what you have done to date will be in vain.

[ ]  D. Not necessarily, but it does mean that the money you have saved towards your goal will be wasted.

17. Which of the following is considered a need?

 [ ]  A. A new car

 [ ]  B. A place to sleep

 [ ]  C. A steak dinner

 [ ]  D. Business clothes

18. Which of these is NOT a consequence of declaring bankruptcy?

 [ ]  A. Increased sense of self-confidence

[ ]  B. Family disruption & instability

[ ]  C. Not able to obtain loans/credit for 5-10 years

[ ]  D. Inflation of prices for other consumers

19. Which type of bankruptcy allows consumers to reorganize their debt and continue paying their creditors?

 [ ]  A. Chapter 7

 [ ]  B. Chapter 10

 [ ]  C. Chapter 11

 [ ]  D. Chapter 13

20. What is NOT a financial consequence of debt?

 [ ]  A. Debt can be useful in times of emergency

 [ ]  B. Debt can lead to overspending

 [ ]  C. Debt obligates your future income

 [ ]  D. Debt can be expensive