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