

Chapter 15 Test

Key Terms

From the box below, choose the term that matches each definition. Write the letter of the answer in the space provided.

a. fringe benefits	d. time deposit	g. insurance
b. liquidity	e. variable expenses	h. warranty
c. dividends	f. career	i. disposable income

- ___ 1. a company gives protection from the cost of injury or loss
- ___ 2. indirect payments for work
- ___ 3. a manufacturer's promise to repair a product if it breaks within a certain time
- ___ 4. occupation you train for and pursue as a lifework
- ___ 5. expenses that change from month to month
- ___ 6. payments to stockholders from company profits
- ___ 7. ability to turn savings into cash
- ___ 8. savings plan with set time you must keep money in the account
- ___ 9. the money left after taxes have been paid

Main Ideas

Write the letter of the correct answer in the space provided.

- ___ 10. Decisions about spending should consider that fixed expenses
 - a. change each month.
 - b. have a set time limit.
 - c. have liquidity.
 - d. must be paid regularly.
- ___ 11. Consumers who are about to borrow money for purchases should calculate
 - a. the manufacturer's warranty.
 - b. the liquidity of their investment.
 - c. the purchase price plus interest.
 - d. the fringe benefits.
- ___ 12. Which is *not* a factor in deciding which method of savings is best for you?
 - a. deposit
 - b. liquidity
 - c. income
 - d. safety
- ___ 13. Which savings plan offers the most safety?
 - a. stock
 - b. government bonds
 - c. real estate
 - d. mutual funds

- ____ 14. An important step in career planning is to think about or research
 - a. personal values and interests.
 - b. career options.
 - c. changes in the economy.
 - d. all of the above
- ____ 15. Career planning is an ongoing process because
 - a. the economy is changing.
 - b. our goals change.
 - c. our interests and skills change.
 - d. all of the above
- ____ 16. Which does *not* need to be considered in choosing what product to buy?
 - a. price and quality
 - b. features
 - c. liquidity and safety
 - d. warranty and service
- ____ 17. In general, if the income is higher on a savings plan,
 - a. there is more liquidity.
 - b. there is less liquidity.
 - c. there is more safety.
 - d. there is a lower interest rate.

Critical Thinking

Answer each of the following questions on the lines provided. Write your answers in complete sentences.

- 18. **Identify alternatives** Use actual information or create data to make a sample personal financial plan. List your variable expenses; decide how you might cut back expenses to make money available for a savings plan. Tell the amount you can save.

- 19. **Demonstrate reasoned judgment** Suppose that you have \$60 and want to buy a DVD player that costs \$210. You can save \$30 a week from a part-time job. You can wait until you have saved enough money to purchase the player. Or, you can buy the player now using a down payment and a credit plan that charges 20% interest on the money borrowed. What would you do? Explain your decision.

- 20. **Summarize** What are some ways to get information about a career that you are considering?
