Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class: \_\_\_\_\_\_

Personal Finance Pre-Assessment

**Directions – Place the following words in the correct sentence below**.   
Word Bank 🡪 Budget, Credit, Debt, Income, Investment, Needs, Personal Finance, Savings Account, Wants

1. \_\_\_\_\_Budget\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a saving and spending plan for an individual or organization that is based on an estimated income and expenses.
2. \_\_\_\_\_Needs\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are things that are required in order to live.
3. \_\_\_\_\_Wants\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are things that are needed to make our lives comfortable, but are not needed for survival.
4. The process of projecting, organizing, monitoring, and controlling future income and expenses is known as \_\_\_\_personal finance\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
5. A bank account that accumulates interest is \_\_\_\_\_\_savings account\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
6. \_\_\_\_Income\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the money one receives from working at their job.
7. \_\_\_\_Investment\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the risking of money and time to get something in return – usually interest or other income.
8. \_\_\_\_Debt\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is money or goods/services owed by one person to another; the state owing something.
9. \_\_\_\_\_Credit\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the ability to borrow money.

**Directions – Write the correct letter next to the number on the line below.**

1. Which of the following transactions used credit?
   1. Sue bought groceries with a check.
   2. Sue bought a hamburger with cash.
   3. Sue took a loan out to pay for her house.
   4. Sue wrote a check to pay her credit card bill.
2. Which of these is inflation?
   1. The milk is only $1.75 because I have a coupon.
   2. Shirts at the thrift store are cheaper than the department store.
   3. Gas costs $1.00 more today than it did two years ago.
   4. The shoes cost $3.00 less because I got 30% off.
3. Which of these is NOT a way to invest?
   1. Buy stocks
   2. Buy real estate
   3. Buy bonds
   4. Stuff money under a mattress
4. Opportunity cost is the value of what is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ when a choice is made.
   1. Learned b. Stolen c. Forgotten d. Given Up
5. The BEST time to borrow money is when
   1. Interest rates are low because you will save money.
   2. Interest rates are high because you will earn money.
   3. When a person has a good credit rating.
   4. When a person wants to purchase an expensive item.
6. Bonds, stocks, mutual funds, and certificates all have what in COMMON?
   1. They are examples of real investments.
   2. They are things that wealthy people purchase.
   3. They are ways to invest in extra money.
   4. Banks sell them as a way to improve their profits.
7. Jasmine wants to buy a new iPhone 5, so every two weeks she sets aside $45. What money management choice is Tina engaging in?
   1. Saving b. Spending c. Investing d. Crediting
8. Josh started working at Target. Josh makes $8.00 an hour and works 15 hours in a week. If there are four weeks in a month, what is Josh’s monthly income? (2 Points)

$8.00 $120.00

X 15 x 4

4000 $480.00

+ 800

$120.00 **Josh earns $480.00 a month working at Target.**

1. Belle started a business making bracelets. It costs her $0.75 to buy all the supplies to make one bracelet. Belle decides to sell each bracelet for $2 each. At the end of her first day of working, Belle has $20 in her pocket. What is Belle’s profit after her first day of selling? (Please show your work and circle your answer – 2 Points).

10 bracelets sold

2 20 $20.00

- 7.50

$12.50 profit

10 bracelets

x 0.75 **Belle’s profit is $12.50 after her first day of selling.**

$ 7.50 used to make bracelets