

Chapter 1 – Gross Income

I-Summary

This chapter helped you learn about income. When you work, your gross income—meaning the total amount you get paid—might be determined in one of four possible ways.

1. You might receive straight-time pay, plus overtime.
2. You might be paid on a piecework basis.
3. You might be paid a fixed salary.
4. You might be paid on either a straight commission or on a graduated commission.

I-Quiz

1. The formula “hourly rate times the number of hours worked” is used to calculate which type of pay?
 - A. straight-time pay
 - B. piecework
 - C. commission
2. When you record the number of hours you work, if you don’t work an entire hour, you should round to the nearest:
 - A. half hour
 - B. quarter hour
 - C. minute
3. The formula “rate per item times the number of items produced” is used to calculate which type of pay?
 - A. commission
 - B. piecework
 - C. salary
4. If you work for a company that pays you a regular salary on a *biweekly* basis, it means that you receive a paycheck how many times per year?
 - A. 52
 - B. 24
 - C. 26
5. If you are paid a certain amount of money for every sale you make or a percent of the total value of your sales, which type of pay are you receiving?
 - A. commission
 - B. straight-time pay
 - C. piecework

Answer Key

1. A
2. B
3. B
4. C
5. A

Chapter 2 – Net Income

I-Summary

In this chapter you learned about net income, which refers to the amount of money you take home, not the amount you earn. Before you receive your paycheck, money is deducted to pay for a number of purposes, including federal taxes, state taxes, Social Security, Medicare, and health insurance.

I-Quiz

1. What is your *net* income?
 - A. the amount you receive *before* money is deducted from your paycheck
 - B. the amount you receive *after* money is deducted from your paycheck
 - C. the amount of money deducted from your paycheck
2. Money is withheld from your paycheck to pay the *Internal Revenue Service* (IRS) which kind of tax?
 - A. federal income tax
 - B. state income tax
 - C. sales tax
3. How much you pay in taxes depends on your *exemptions*. Exemptions are based on:
 - A. your savings
 - B. the number of people you support
 - C. how much money you spend on entertainment
4. *6.2 percent* of your gross income is withheld to pay Social Security tax. How much is withheld from your income for Social Security for every \$100 you make?
 - A. sixty-two dollars
 - B. six dollars and twenty cents
 - C. sixty-two cents
5. Your Medicare taxes are used to pay for health insurance for which group of people?
 - A. the poor and disabled
 - B. people without health insurance
 - C. people 65 years and older

Answer Key

1. B
2. A
3. B
4. B
5. C

Chapter 3 – Recordkeeping

I-Summary

In Chapter 3 you learned that keeping a record of your income and expenses helps you to keep track of what you spend your money on, figure out how much you need for living expenses, and stay out of debt.

I-Quiz

1. Expenses such as food, utility bills, and pocket money are which type of expenses?
 - A. living expenses
 - B. fixed expenses
 - C. annual expenses
2. Expenses that *do not change* from one month to the next, such as rent and car payments, are which type of expenses?
 - A. variable expenses
 - B. fixed expenses
 - C. annual expenses
3. *Annual* expenses are expenses that occur how often?
 - A. once a week
 - B. once a month
 - C. once a year
4. If you drive a car, the amount you spend on *gas* each month is which type of expense?
 - A. a living expense
 - B. a fixed expense
 - C. an annual expense
5. A monthly account *comparing* the amount you spent to the amount you budgeted is called what?
 - A. a budget sheet
 - B. an expense summary
 - C. an emergency fund

Answer Key

1. A
2. B
3. C
4. A
5. B

Chapter 4 – Checking Accounts

I-Summary

This chapter helped you understand checking accounts. A checking account allows you to make payments against deposits you have made at the bank. You use a check register to keep a record of your deposits, electronic transfers, and the checks you have written. It is important to write checks for only as much money as you have deposited in the account.

I-Quiz

1. When you write a check, you are:
 - A. getting a loan from the bank
 - B. directing the bank to deduct money from your account to make a payment
 - C. not paying for an item
2. What is a *bank statement*?
 - A. a letter saying how much money you can borrow
 - B. a list from the bank of all your recent banking transactions
 - C. the receipt given at the ATM
3. What is the *monthly fee* the bank charges for its services called?
 - A. an ATM fee
 - B. an overdraft fee
 - C. a service charge
4. What does it mean to *reconcile* your checking account?
 - A. to compare your bank statement to your check register and make sure they agree
 - B. to deposit the difference between your checks and how much you owe
 - C. to check your account balance online
5. When you log in to your checking account online you can:
 - A. withdraw cash
 - B. deposit checks
 - C. transfer funds from one account to another

Answer Key

1. B
2. B
3. C
4. A
5. C

Chapter 5 – Savings Accounts

I-Summary

This chapter helped you understand savings. Saving money helps you reach goals and live a financially responsible life. The amount you save depends on your deposits, withdrawals, amount of interest your money earns, and when it is compounded.

I-Quiz

1. When you make a *withdrawal*, you plan to:
 - A. take money out of your account
 - B. put money in your account
 - C. find out how much money is in your account
2. What is *compound interest*?
 - A. the interest earned on the principal
 - B. the interest earned on the principal and interest
 - C. the amount of interest your money earned the first year it was in the bank
3. In an *annuity due savings plan*, money is deposited and *starts earning interest*:
 - A. at the end of the year
 - B. at the end of interest periods
 - C. at the start of an interest period
4. What does the bank send you that shows all deposits, withdrawals, and interest?
 - A. a bill
 - B. an account statement
 - C. a check
5. What is the *annual interest rate*?
 - A. the percent of the principal you earn as interest based on one year
 - B. the percent of the principal you earn as interest based on one month
 - C. the percent of the principal you owe as interest based on one year

Answer Key

1. A
2. B
3. C
4. B
5. A

Chapter 6 – Cash Purchases

I-Summary

This chapter helped you understand cash purchases. You are now familiar with coupons, markdowns, rebates, and sale prices when shopping in stores. In order to determine value and cost, it is important to be able to calculate the exact price you will pay according to whichever method a store uses to sell its merchandise or services, plus any sales tax added to your purchase.

I-Quiz

1. A *rebate* is a discount you receive:
 - A. when you pay for an item
 - B. after you mail in a coupon, sales receipt, and UPC code
 - C. when you present a coupon to the sales clerk.
2. To *compare unit prices between two products*, what should you divide the price per item by?
 - A. the measure or count of the unit
 - B. the markdown of the item
 - C. the total selling price of each product
3. A *percentage of the selling price* charged by states is called:
 - A. a markdown
 - B. a rebate
 - C. sales tax
4. If a shirt is *marked down 25%*, what will the purchase price be?
 - A. \$25
 - B. 50% off
 - C. 75% of its original price
5. When comparison shopping between a small quantity of an item versus a large quantity of an item, you should determine:
 - A. the better buy based on the unit price
 - B. whether you will use all of a larger-sized product before it goes to waste
 - C. both of the above

Answer Key

1. B
2. A
3. C
4. C
5. C