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HONORS ECON  
CUMULATIVE EXAM  
W/ ANSWERS

Question 1

Question ID: ab0b4434-fb0e-11e3-8ea3-bc764e043e0c

Points Possible: 1

Objective: Describe common components of mortgages.

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What must people taking out a mortgage agree to? Check all that apply.

- a loan amount
  - plans for repairs
  - an interest rate
  - renovation ideas
  - payment terms
- 

Question 2

Question ID: 0e37c2e8-fb10-11e3-98c4-bc764e043e0c

Points Possible: 1

Objective: Analyze the pros and cons of different types of mortgages.

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What is an advantage of an adjustable-rate mortgage?

- A borrower always knows how much to pay the bank each month.
  - A borrower can purchase a home with little financial risk.
  - A drop in interest rates may result in lower monthly payments.
  - A rise in interest rates may result in lower monthly payments.
- 

Question 3

Question ID: 5b5befe0-f411-11e4-88de-bc764e044ce0

Points Possible: 1

Objective: Describe how insurance can help to manage risk.

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Which example **best** describes avoiding risky behavior?

- getting car insurance
- deciding not to buy a car
- only driving during the day
- driving a car at high speeds

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Question 4

Question ID: 4356dca8-f415-11e4-bf20-bc764e044ce0

Points Possible: 1

Objective: Explore the best ways to use insurance effectively.

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Which question can **best** help a consumer assess risk when purchasing insurance?

- How much must be paid to make a claim?
- What problems are most likely to happen?
- What are the possible payouts on a claim?
- How much are the monthly premiums?

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Question 5

Question ID: a2e067d4-fa55-11e4-9814-bc764e044ce0

Points Possible: 1

Objective: Identify common investment types.

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Angela is considering buying stock in a popular computer software company whose price has dropped significantly in the last year. Why might this be a wise move for Angela to make?

- because it is smart to buy when prices are high and sell when prices are low
- because it is smart to buy when prices are low and sell when prices are high

- because her investment will be guaranteed by the government if the company fails
  - because the company will rebound because she likes to use the products they sell
- 

Question 6

Question ID: 0395288e-fa57-11e4-b909-bc764e044ce0

Points Possible: 1

Objective: Analyze how to access investment information.

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Compound interest is usually better than simple interest because it pays

- interest on the principal and the interest earned in each period.
  - interest on the entire principal rather than the interest in each period.
  - more, as it is matched by an employer's 401k contribution.
  - more often throughout the year rather than once a year.
- 

Question 7

Question ID: 103d7a4e-f586-11e4-8bb7-bc764e044ce0

Points Possible: 1

Objective: Recognize factors that affect the risk and return of an investment.

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A low-risk investment might have a high price if

- it is in great demand.
  - it belongs to a new company.
  - it protects the initial investment.
  - it guarantees profits.
-

Question 8

Question ID: 3054b6e4-f586-11e4-b761-bc764e044ce0

Points Possible: 1

Objective: Analyze how changes in the market can affect investments.

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Which **best** describes one of the primary aims of government fiscal policy?

- to restrict price changes
  - to put more money into citizens' hands
  - to generate new investment opportunities
  - to control real interest rates
- 

Question 9

Question ID: bc3256c8-f42b-11e4-88de-bc764e044ce0

Points Possible: 1

Objective: Examine ways to manage credit effectively.

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Which situations are examples of how credit scores determine nonfinancial opportunities for consumers?

Check all that apply.

- an employer determining whether a job candidate is smart
  - an employer hiring someone to handle financial information
  - an apartment owner gauging whether a tenant might break the rules
  - an apartment owner determining whether to rent a unit to someone
  - a car insurance company setting rates based on where someone lives
  - a car insurance company predicting the likelihood of future claims
- 

Question 10

Question ID: 9182fcf6-f431-11e4-bbc6-bc764e044ce0

Points Possible: 1

Objective: Describe steps to take to prevent or manage identity theft.

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What is a way victims of identity theft in Florida can track activity on their credit report?

- by giving lenders permission to access credit history
  - by canceling all of their credit and bank cards
  - by contacting their lenders on a daily basis
  - by placing a security freeze on their reports
- 

Question 11

Question ID: 95304fc8-f7f8-11e4-aef3-bc764e044ce0

Points Possible: 1

Objective: Examine the cost of credit to the borrower.

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Unlike collateral, down payments

- are used to secure credit.
  - decrease risk for lenders.
  - affect the interest rate.
  - reduce overall debt.
- 

Question 12

Question ID: afdaaff8-f7f8-11e4-aef3-bc764e044ce0

Points Possible: 1

Objective: Identify types of credit available to borrowers.

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Which type of credit is **most likely** to be unsecured?

- auto loans
  - credit cards
  - mortgage loans
  - personal loans
- 

Question 13

Question ID: 09486544-e59a-11e2-a013-bc764e043e0c

Points Possible: 1

Objective: Define the purpose of a bank and the various types of banking institutions.

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Daryl would like to open new checking and savings accounts. One of his primary concerns is avoiding bank fees. Which type of banking institution is most suitable for Daryl?

- a retail bank
  - a commercial bank
  - a savings and loan
  - a credit union
- 

Question 14

Question ID: 0b4b04a0-e59a-11e2-aba7-bc764e043e0c

Points Possible: 1

Objective: Compare checking and savings accounts and the benefits of each.

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In which situation would a savings account be the **best** investment to earn interest?

- saving for retirement in 20 years
- saving to buy a new car in three years
- saving to buy a new house in seven years
- saving to easily access the money when needed

Objective: Explain how taxes on purchases can be calculated.

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Sebastian and Mia want to buy a home valued at \$250,000. The property tax for this location is 1%. Based on the current value of the home, what would their property tax be?

- \$25
- \$250
- \$2,500
- \$25,000

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Question 17

Question ID: c5e1fdb8-edd7-11e4-ae50-bc764e044ce0

Points Possible: 1

Objective: Describe steps to take when researching products and prices.

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What role do special government agencies play in protecting buyers? Check all that apply.

- They create regulations to ensure safe products.
- They promote certain products for companies.
- They dictate marketing strategies to companies.
- They help consumers determine marginal cost.
- They provide information about products.
- They collect customer fraud complaints.

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Question 18

Question ID: edc658be-eddd-11e4-bce4-bc764e044ce0

Points Possible: 1

Objective: Identify options available for paying for a purchase.

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Question 15

Question ID: 5a0feb44-e77f-11e4-b9ae-bc764e044ce0

Points Possible: 1

Objective: Describe the types of income taxes that citizens pay.

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This table shows the 2014 tax brackets for single taxpayers.

Single Taxpayers (2014)		
Taxable income between:		Tax rate
\$0	\$9,075	10%
\$9,075	\$36,900	15%
\$36,900	\$89,350	25%
\$89,350	\$186,350	28%
\$186,350	\$405,100	33%
\$405,100	\$406,750	35%
\$406,750	and above	39.6%

Which statement best supports the idea that the United States has a progressive income tax?

- The more money someone makes, the higher the percentage he or she pays in taxes.
  - Single-wage earners are taxed at the same percentage, regardless of income.
  - Americans pay higher taxes than single-wage earners in other countries.
  - Tax percentages are evenly distributed across the tax brackets.
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Question 16

Question ID: e928532a-e77f-11e4-b9ae-bc764e044ce0

Points Possible: 1



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The chart shows pricing and payment options for two large items.

Item	Rent-to-own payments	Installment plan	Cash price
Laptop computer	\$150 a month for 12 months	\$100.83 a month for 12 months	\$1,000
18.3 CF refrigerator	\$140 a month for 12 months	\$80.67 a month for 12 months	\$800

Why would a consumer choose to pay cash?

- to pay the lowest possible price
- to take advantage of low interest
- to spread payments out over time
- to avoid saving for a down payment

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Question 19

Question ID: bd1c676a-e431-11e2-94ff-bc764e043e0c

Points Possible: 1

Objective: Identify the difference between net and gross income.

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An income is measured as

- all money received, including gifts, in the course of a year.
- an amount spent in one week's time.
- an amount received in a specific period: weekly, biweekly, or yearly.
- all money saved during a year's time.