Answer Key to Knowledge Questions

1. Beth likes working with tools, and she prefers to work outside. She doesn’t like working directly with customers. Beth has learned how to read blueprints, and would like to eventually go to school and learn about project management. Which of the following is the best job choice for Beth’s current skills and interests?
   a. manager of a hardware store
   b. housing contractor doing custom work for specialty customers
   c. landscape designer creating plans for planting trees and shrubs in outdoor areas
   d. construction worker building roads and bridges

2. If Beth is able to return to school and get a certification in project management, which job might she most enjoy doing?
   a. construction manager for a commercial building company
   b. sales manager for a large home improvement store
   c. owner of an auto repair shop
   d. forest ranger giving tours for the Park Service

3. Beth is working as a construction manager for a commercial building company. Which of the following most likely occurred?
   a. Beth found a job and was able to work her way up to manager.
   b. Beth developed an interest in construction.
   c. Beth was able to earn her degree in project management.
   d. Beth went back to school to become an architect.

4. Which of the following is a true statement?
   a. People who go to college always get rich.
   b. People who go to college always make more money than people who do not.
   c. People who don’t finish high school will never get a job.
   d. People who have an education beyond a high school degree tend to make more money in their lives.

5. Why is it necessary to have a budget and stick to it?
   a. to be able to start a new business
   b. to have money available to pay for what’s important
   c. to track online expenses
   d. to have access to better career resources
6. Lisa set aside her money for rent. She was shopping for groceries and planned to buy a treat for the family because she had a little extra money. She got a call about an emergency that was an unexpected expense. Lisa decided to buy her regular groceries and skip the treat to pay for the emergency. Which of the following expenses from the passage isn't a part of Lisa's monthly budget?
   a. rent  
   b. groceries  
   c. emergency  
   d. treat

7. Each week, Raj needs to buy lunch at school. He also needs regular school supplies, his bus pass, and he likes to see an occasional movie with friends or buy a music download. Raj would really like a laptop to do his school work. For which item will Raj likely need to use savings?
   a. laptop  
   b. music download  
   c. school lunch  
   d. bus pass

8. Which of the following states an important idea related to saving money?
   a. Always pay your fixed expenses before you save.  
   b. You should pay yourself first.  
   c. Never buy something that you don't absolutely need.  
   d. If you run into an emergency one month, save double the next month.

9. Each month Sara owes money to the credit card company for purchases she has made that month as well as those she has made in the past. Additionally, she owes interest because she has made minimum payments. She must also pay for loans she has taken out for her car and education. Which of the following best describes Sara's situation?
   a. Sara has a lot of interest.  
   b. Sara has too much credit.  
   c. Sara lacks savings.  
   d. Sara has debt.

10. Darnell is applying for a loan. He has had loans in the past, but always paid them back. He has a steady job and he has been in it for more than a year. He has lived at the same address for more than a year too. He pays all his bills on time. Darnell likes expensive cars, and he is saving his money for one. Which of the following is not a factor in determining Darnell's credit score?
    a. He pays his bills on time.  
    b. He has been in a job for more than a year.  
    c. He likes expensive cars.  
    d. He has had loans in the past.
11. What is a possible consequence of a low credit score?
   a. the inability to get a loan, like a mortgage
   b. the inability to utilize public transportation
   c. being rejected from a college or training program
   d. not being permitted to open an account in a bank

12. Clara loves online shopping. She enters her name and address and gives a credit card on most sites. She is careful not to enter her social security information, but she does give her birthday. Which of the following is true of Clara?
   a. Clara is careful with her personal information.
   b. Clara should use different credit cards at each site.
   c. Clara doesn't know about her digital tattoo.
   d. Clara takes risks with her information online.

13. Marco never posts his personal information online. He doesn't use a public computer to pay bills, and he is very wary of public Wi-Fi. Which of the following is true of Marco?
   a. Marco doesn't understand technology.
   b. Marco is protecting his finances.
   c. Marco is a private person.
   d. Marco will never experience identity theft.

14. Why is it important to know what is on your credit report?
   a. Suspicious activity on your credit report could lower your credit score.
   b. Your credit report is your digital tattoo.
   c. Lenders and banks like to keep secrets from you.
   d. You will never be able to buy a car without a credit report.

15. Cal is afraid he has been the victim of _______________. He needs to examine his _______________. He should be careful about posting any _______________ online. Fill in the blanks with the correct words.
   a. violent crime; rights; complaints
   b. fraud; bills; reports
   c. tax evasion; paystub; negative comments
   d. identity theft; credit report; personal information

16. Val is shopping for groceries. She is not sure which brand of pasta to buy. She wants to get the best deal, but she doesn't want to sacrifice other factors. What should Val do?
   a. Val should buy whatever is on sale.
   b. Val should see if she has a coupon for any of the brands.
   c. Val should compare price, quantity, and quality.
   d. Val should look for one with all natural ingredients.
17. Levar is buying canned goods. He is trying to decide between a 16 oz. can and an 8 oz. can of the same product. The 16 oz. can costs more, but he isn't sure which is the better value. What should Levar do?
   a. Buy the less expensive can.
   b. Look for a different brand.
   c. Check the sell-by date.
   d. Check the unit price.

18. Which of the following is a true statement?
   a. Only wealthy people can experience financial loss.
   b. Financial loss is an everyday reality for everyone.
   c. If I never invest in the stock market, I'll never have a financial loss.
   d. People who make wise choices don't experience financial loss.

19. What are the four strategies for risk management?
   a. avoidance; transfer; control and reduction; acceptance
   b. education; emergency management; investment; credit
   c. career choices; simplification; leadership; differentiation
   d. global; transnational; multinational; domestic

20. Maria is always late for work. She never arrives at the beginning of her shift, and she spends too much of her time at work on personal business. Maria is annoyed when her work hours are cut and she makes less money. What does Maria need to understand?
   a. She should get a different job.
   b. She should look for a job closer to home.
   c. She has personal responsibility for her financial loss.
   d. She is being treated unfairly.

21. How does compound interest add to wealth over time?
   a. by paying interest on the interest, the sum of money continues to grow
   b. by paying off debt
   c. by growing at a higher rate of interest than normal
   d. by paying money on someone else's money

22. Lucille has worked for almost 40 years. She is very close to retirement. She has decided to see a financial advisor to be sure she makes the right investment decisions with her money. What will the financial advisor most likely recommend to Lucille?
   a. to only put money in her savings account
   b. to make high risk investments such as precious gems
   c. to make moderate risk investments such as conservative growth stocks
   d. to make low risk investments such as bonds
23. Marcus is just starting his career and has a high tolerance for risk. He has a lot of earning years ahead of him. Which is a good investment strategy for Marcus?
   a. Marcus should put all of his money in a savings account.
   b. Marcus should focus on a blend of high and moderate risk investments.
   c. Marcus should focus on investments such as bonds.
   d. Marcus should focus on high risk investments such as real estate and precious gems.