

***Personal Finance, 2e (Walker)***

**Chapter 1 Money Matters: Values, Vision, Mission, and You**

- 1) Identify the importance of a financial plan.
- A) You may discover your passion and a sense of purpose in your life.
  - B) You establish priorities in your life.
  - C) You gain control over your time and your money.
  - D) All of the options are correct.

Answer: D

Difficulty: 1 Easy

Topic: Financial plan development

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

AACSB: Analytical Thinking

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- 2) The rule for allocating your money that takes into account community responsibility and retirement is called the \_\_\_\_\_ rule.
- A) 90-5-5
  - B) 82-8-10
  - C) 60-20-20
  - D) 80-10-10

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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3) Which term best describes Ben Franklin's adage: "Waste not, want not."?

- A) Greedy
- B) Envious
- C) Cheap
- D) Frugal

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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4) Which of the following plans is not incorporated in a financial plan?

- A) Budget plan
- B) Investment plan
- C) Estate plan
- D) Education plan

Answer: D

Difficulty: 1 Easy

Topic: Components of financial planning

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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5) To be frugal includes all of the following except

- A) being resourceful when satisfying your need for goods and services.
- B) buying all the things you want.
- C) using already-owned items.
- D) practicing restraint in how you consume goods and services.

Answer: B

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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6) All the following are examples of being frugal except

- A) using coupons.
- B) spending 100% of your paycheck.
- C) shopping for gently-used items on Craigslist.
- D) buying items you need of value.

Answer: B

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Apply

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7) Money personality is

- A) the point at which spending more money has a diminishing rate of fulfillment.
- B) sufficient means to support oneself.
- C) your style and habits of money management.
- D) income from your investments.

Answer: C

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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8) Which is *not* an example of being frugal?

- A) Buying a used car
- B) Hiring someone to paint your living room
- C) Buying the things you need
- D) All of the options are correct.

Answer: B

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Apply

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- 9) What rule(s) is (are) a good way to allocate your money?
- A) 80-10-10 rule.
  - B) 90-10 rule.
  - C) 70-30 rule.
  - D) Both 80-10-10 and 90-10 are good ways to allocate money.

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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- 10) What is voluntary simplicity?
- A) Volunteering your time and money to help a great cause
  - B) A high-stress, complicated lifestyle in which consumption and materialism are increased
  - C) Being resourceful when fulfilling your need for goods and services, using already owned items, and doing it yourself
  - D) A simple, low-stress lifestyle where consumption and materialism are minimized

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Evaluate

AACSB: Analytical Thinking

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- 11) Being frugal means
- A) to never spend money.
  - B) to spend money carelessly.
  - C) using discounts or coupons when fulfilling your need for goods and services.
  - D) shopping to improve your mood.

Answer: C

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Analyze

AACSB: Analytical Thinking

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- 12) What is the best definition for "frugal"?
- A) To spend money efficiently and effectively
  - B) To spend little money
  - C) To spend money on cheap things
  - D) To always buy the least expensive item

Answer: A

Difficulty: 2 Medium

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Understand

AACSB: Analytical Thinking

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- 13) What best describes voluntary simplicity?
- A) High-stress lifestyle
  - B) Complex lifestyle
  - C) Increased consumption and clutter
  - D) Simple, stress-free lifestyle

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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- 14) The 80-10-10 rule requires that you
- A) save 80% of your income, give away 10%, and live on 10%.
  - B) live on 80% of your income, save 10%, and give away 10%.
  - C) give away 80% of your income, put 10% in savings, and live on 10%.
  - D) live on 80% of your income, save 10%, and invest 10%.

Answer: B

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

AACSB: Analytical Thinking

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15) What term would you use to describe a person who avoids waste and is resourceful when fulfilling his or her needs for goods and services?

- A) Voluntary simplicity
- B) Frugal
- C) Money personality
- D) Personal financial success

Answer: B

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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16) Rebecca has a \$400 pay-check. She wants to use the 90-10 rule. How much must she save to achieve this?

- A) \$340
- B) \$40
- C) \$360
- D) \$50

Answer: B

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Apply

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17) Who determines whether you have personal financial success?

- A) Wall Street
- B) Government
- C) Society
- D) Yourself

Answer: D

Difficulty: 1 Easy

Topic: Financial plan development

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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- 18) How is the 80-10-10 rule divided?
- A) Save 80%, live on 10%, give away 10%
  - B) Give away 80%, save 10%, live on 10%
  - C) Live on 80%, save 10%, invest 10%
  - D) Live on 80%, save 10%, give away 10%

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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- 19) What is the first step in setting the foundation for your financial plan?
- A) Understanding your values and goals
  - B) Understanding your current relationship with money
  - C) Identifying your current relationship with money
  - D) Establishing your mission statement

Answer: B

Difficulty: 3 Hard

Topic: Financial plan development

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Analyze

AACSB: Analytical Thinking

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- 20) To understand why you do what you do with money, you need to uncover your \_\_\_\_\_.
- A) habits
  - B) relationship with money
  - C) style
  - D) money personality

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

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21) Voluntary simplicity is a simple lifestyle in which both \_\_\_\_\_ and materialism are minimized.

- A) consumption
- B) saving
- C) being frugal
- D) giving

Answer: A

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Remember

AACSB: Analytical Thinking

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22) An example of "passive income" is

- A) income received from your investments.
- B) income received from your part-time job, where you do nothing.
- C) money received from an inheritance.
- D) lottery winnings.

Answer: A

Difficulty: 3 Hard

Topic: Types of investment income

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

23) Which of the following is *not* a characteristic of the empty-nest life stage?

- A) Paying for your children's current college education
- B) Beginning to plan for retirement
- C) Making more money than ever before
- D) Investing more money in conservative investments

Answer: B

Difficulty: 3 Hard

Topic: Life cycle

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation



24) Money you receive from your investments and savings is called

- A) passive income.
- B) retirement plan (401k).
- C) frugal.
- D) paycheck.

Answer: A

Difficulty: 1 Easy

Topic: Types of investment income

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

25) There are 5 stages that make up a person's personal finance life stages. In which of these stages would a person start a 401(k) or retirement plan?

- A) Dependent life stage
- B) Independent life stage
- C) Early-family life stage
- D) Empty-nest life stage
- E) Retirement life stage

Answer: C

Difficulty: 3 Hard

Topic: Life cycle

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

26) Many people want to achieve the goal of financial independence, which is

- A) when unearned income exceeds passive income.
- B) when needs exceed income.
- C) when expenditures exceed passive income.
- D) when passive income exceeds expenditures.

Answer: D

Difficulty: 1 Easy

Topic: Financial situation analysis

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 27) The definition of passive income is
- A) income received from one's investments and savings.
  - B) sufficient means to support oneself.
  - C) income received on a regular basis with little effort required to maintain it.
  - D) income received after putting in overtime.

Answer: A

Difficulty: 1 Easy

Topic: Types of investment income

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 28) How can you obtain passive income (non-earned income)?
- A) Stock dividends
  - B) Interest from bank investments
  - C) Rental properties
  - D) All of the options are correct.

Answer: D

Difficulty: 3 Hard

Topic: Types of investment income

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 29) Which is *not* a personal-finance life stage?
- A) Age < 18
  - B) Age 16–24
  - C) Age > 65
  - D) Age 41–65

Answer: A

Difficulty: 1 Easy

Topic: Life cycle

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

30) What characteristics describe the empty-nest life stage?

- A) You are ready to retire.
- B) You no longer work full time.
- C) Your children are no longer dependent on your income.
- D) You've reached financial independence.

Answer: C

Difficulty: 3 Hard

Topic: Life cycle

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

31) During which life stage is a person likely to earn the greatest amount of money?

- A) Retirement life stage
- B) Empty-nest life stage
- C) Independent life stage
- D) Early-family life stage

Answer: B

Difficulty: 1 Easy

Topic: Life cycle

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

32) What is financial independence?

- A) When passive income exceeds expenditures
- B) When you don't live with your parents
- C) When you get a job
- D) When you have \$1 million in retirement savings

Answer: A

Difficulty: 3 Hard

Topic: Financial goals

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 33) Passive income is money you receive from  
A) investments and savings.  
B) salaries.  
C) tips and wages.  
D) All of the options are correct.

Answer: A

Difficulty: 3 Hard

Topic: Types of investment income

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Evaluate

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 34) If Joe has monthly expenses of \$600 rent, \$100 insurance, \$300 food and entertainment, and \$100 miscellaneous repairs, what will his income need to be (per month) for him to become financially independent?  
A) \$1,500  
B) \$2,000  
C) \$1,350  
D) \$1,100

Answer: D

Difficulty: 3 Hard

Topic: Financial goals

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 35) At what personal-finance life stage should a person start a Roth IRA?  
A) Independent  
B) Empty nest  
C) Early family  
D) Dependent

Answer: A

Difficulty: 1 Easy

Topic: Life cycle

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

36) Brandon wants to purchase new furniture for his home but does not want his purchases to put him into debt. Brandon loves being social and has a talent for bartending, so he decides to take a second job bartending at night. He plans to save the money he receives from tips to purchase his new furniture. Brandon is

- A) augmenting his income.
- B) downshifting.
- C) dollar cost averaging.
- D) creating an investment account.

Answer: A

Difficulty: 3 Hard

Topic: Components of financial planning

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

37) To decrease the time you need to acquire passive income, you can \_\_\_\_\_ expenses.

- A) decrease
- B) maintain
- C) increase
- D) augment

Answer: A

Difficulty: 1 Easy

Topic: Financial situation analysis

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

38) Victoria is married and 29 years old. What life stage is she in?

- A) Dependent life stage
- B) Empty-nest life stage
- C) Independent life stage
- D) Early-family life stage

Answer: D

Difficulty: 1 Easy

Topic: Life cycle

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 39) Jamil has retired and can live without needing to ever work again. What has he reached?
- A) Financial literacy
  - B) Financial independence
  - C) Voluntary simplicity
  - D) His personal financial plan

Answer: B

Difficulty: 3 Hard

Topic: Financial goals

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 40) Income received from investments and savings is called
- A) passive income.
  - B) financial income.
  - C) incurred income.
  - D) non-earned income.

Answer: A

Difficulty: 1 Easy

Topic: Types of investment income

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 41) How can you reach financial independence sooner?
- A) Lower your expenses and increase your saving or investing
  - B) Increase your income and expenses
  - C) Decrease your income and increase your expenses
  - D) There is no way to speed up the financial independence process

Answer: A

Difficulty: 2 Medium

Topic: Financial goals

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

42) \_\_\_\_\_ is the practice of investing or saving money at specific times regardless of market conditions or your personal finance outlook.

- A) Down shifting
- B) Financial literacy
- C) Dollar cost averaging
- D) Regular investing

Answer: C

Difficulty: 1 Easy

Topic: Dollar cost averaging

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

43) An objective that should be attained within 1-5 years is defined as a(n)

- A) intermediate goal.
- B) long-term goal.
- C) short-term goal.
- D) personal mission statement.

Answer: A

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

44) In order to increase their probability of attainment, goals should have a specific end date. In 55 months, Clare wants to have her college loans paid off, in 24 months, she wants to start a family, and in 15 months, she wants to take a trip to China. Which goal category is Clare pursuing?

- A) Intermediate goals
- B) Long-term goals
- C) Short-term goals
- D) Attainable goals

Answer: A

Difficulty: 3 Hard

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

45) What does the S in SMART stand for?

- A) Specific
- B) Standard
- C) Superfluous
- D) Simple

Answer: A

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

46) The acronym for setting good goals is SMART. What does each letter in SMART stand for?

- A) Smart, Measurable, Attainable, Real, Time
- B) Specific, Measurable, Attainable, Reliable, Time
- C) Specific, Measurable, Attainable, Realistic, Time
- D) Serious, Measurable, Attainable, Reachable, Time

Answer: C

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

47) The more specific your goals are, the less likely they are to

- A) be thought about.
- B) not be attained.
- C) be focused on.
- D) be attained.

Answer: B

Difficulty: 3 Hard

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation



48) A personal mission statement reflects

- A) your strengths.
- B) your passions.
- C) your stakeholders.
- D) All of the options are correct.

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

49) What should your mission statement reflect?

- A) Your life goals, how to see them clearly, and how to be motivated to pursue them
- B) Your personal financial plan
- C) Your likes and dislikes
- D) Your family's spending habits

Answer: A

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

50) Your personal mission statement should be composed of each of the following *except*

- A) dreams.
- B) stakeholders.
- C) strengths.
- D) passions.

Answer: A

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

51) To make sure you have SMART goals, you must

- A) make sure that they take a long time to achieve.
- B) state a general end time.
- C) state a specific end time.
- D) not worry about the time it takes to achieve them.

Answer: C

Difficulty: 2 Medium

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

52) What country was declared the "Happiest Place on Earth"?

- A) The United States
- B) Germany
- C) Finland
- D) Denmark

Answer: D

Difficulty: 2 Medium

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

53) What do you need to create a personal mission statement?

- A) Money and family
- B) Food and a car
- C) Values and a vision of the future
- D) Morals and logic

Answer: C

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Evaluate

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

54) Your sense of fulfillment decreases with the more money you spend after you reach \_\_\_\_\_.  
A) old age  
B) retirement  
C) enough  
D) satisfaction

Answer: C

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

55) What should *not* be included in your personal mission statement?  
A) Visions  
B) Weaknesses  
C) Strengths  
D) Priorities

Answer: B

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Evaluate

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

56) SMART goals need to be  
A) sporadic.  
B) measurable.  
C) artful.  
D) reliable.  
E) tough.

Answer: B

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 57) The more specific your goals are,  
A) the more work they are.  
B) the more likely they will be achieved.  
C) the more fun they are.  
D) the less likely they will be achieved.

Answer: B

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 58) Which of the following is *not* reflective of a SMART goal?  
A) Specific  
B) Measurable  
C) Attainable  
D) Reasonable  
E) Timely

Answer: D

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 59) When establishing your mission, you should include all of the following except  
A) vision.  
B) mission.  
C) long-term goals.  
D) value.

Answer: C

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 60) Connie has a goal of buying a car 10 months from now. This would be classified as a(n)
- A) intermediate goal.
  - B) short-term goal.
  - C) long-term goal.
  - D) impulse goal.

Answer: B

Difficulty: 2 Medium

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 61) Which is an example of a personal mission statement?
- A) To live every day to the fullest with compassion and understanding
  - B) To retire when I'm 50 and move to Florida
  - C) To have a huge wedding with family and friends
  - D) To buy a fancy car

Answer: A

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

- 62) How many years should it take to attain intermediate goals?
- A) Less than 1 year
  - B) 1–5 years
  - C) More than 5 years
  - D) Over your lifespan

Answer: B

Difficulty: 3 Hard

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

63) What are the qualities of a SMART goal?

- A) Specific, measurable, attainable, relevant, time
- B) Special, measurable, attitude, realistic, try
- C) Specific, mission, attainable, reason, time
- D) Special, mission, attitude, reason, try

Answer: A

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

64) Money only makes you happy if

- A) there is enough to survive.
- B) you use it to do good and you are responsible with it.
- C) you have more than everyone else in your social group.
- D) All of the options are correct.

Answer: D

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

65) In which instances are you really "in control of your money"?

- A) When money is used for enjoyment
- B) When money is a grave necessity
- C) When you are shopping at the mall
- D) When it is used as a resource

Answer: D

Difficulty: 1 Easy

Topic: Financial goals

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

66) All of the following describe being in control of your finances except

- A) buying things you don't need.
- B) using money according to your values.
- C) not spending more than you make.
- D) seeing money as a resource.

Answer: A

Difficulty: 2 Medium

Topic: Financial goals

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

67) Your happiness is *not*:

- A) dependent on your genes.
- B) dependent on your circumstances.
- C) a result of intentional activity.
- D) dependent on how much money your brother makes.

Answer: D

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

68) What makes up 40% of your happiness?

- A) Attitude and self-directed behavior
- B) Family and friends
- C) Paid bonuses
- D) Winning the lottery

Answer: A

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

69) How does money make you happy?

- A) You use it to do good
- B) You have enough to survive
- C) You are responsible with your money
- D) All of the options are correct.

Answer: D

Difficulty: 2 Medium

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

70) Which explains that you are in control of your finances?

- A) You spend more than you make, and you buy whatever you want.
- B) You see money as a resource, use money freely and carelessly, and spend as much as you make.
- C) You see money as a resource, and you buy anything you want regardless of the price.
- D) You see money as a resource, use money according to values, and don't spend more than you make.

Answer: D

Difficulty: 3 Hard

Topic: Financial goals

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Evaluate

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

71) The least likely reason to choose a career is because

- A) it has the highest salary.
- B) it matches your interests.
- C) it fits your values.
- D) you can pursue your passion.

Answer: A

Difficulty: 1 Easy

Topic: Career choice factors

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation



72) Why should you want to do a job?

- A) Because it makes you happy
- B) Because it has a big salary
- C) Because there are a lot of benefits
- D) Because you are bored

Answer: A

Difficulty: 2 Medium

Topic: Career choice factors

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

73) Who is most in control of *your* finances?

- A) Your mom
- B) Your boss
- C) You yourself
- D) Your spouse

Answer: C

Difficulty: 1 Easy

Topic: Financial goals

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

74) Ways to gather information on careers and decide which career best suits your own mission statement and goals include

- A) researching the U.S. Bureau of Labor Statistics' *Occupational Outlook Handbook*.
- B) job shadowing.
- C) internships.
- D) All of the options are correct.

Answer: D

Difficulty: 2 Medium

Topic: Career information sources

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

75) According to Sonja Lyubomirsky, what percent of your happiness comes from your genes?

- A) 50%
- B) 10%
- C) 40%
- D) 55.34%

Answer: A

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

76) What is the "best" career?

- A) Making lots of money
- B) Doing something you love and are passionate about
- C) Doing something you do not like
- D) Doing nothing

Answer: B

Difficulty: 3 Hard

Topic: Career choice factors

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Evaluate

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

77) Money only makes you happy if

- A) you have more than everyone else in your social group.
- B) you use it to do good and are responsible with it.
- C) you have enough to survive.
- D) All of the options are correct.

Answer: D

Difficulty: 2 Medium

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

78) Which of the following does the textbook say is a major factor in your happiness?

- A) Deciding when enough is enough
- B) Spending your money on things you want
- C) Only spending money on the things you need and saving the rest of it
- D) Giving your money to charity

Answer: A

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

79) Denmark, declared the "Happiest Place on Earth," is classified as a \_\_\_\_\_ society according to the text.

- A) Communist
- B) Post consumerism
- C) Consumerism
- D) Democratic

Answer: B

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

80) Goals are dreams with a deadline.

Answer: TRUE

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

81) Dollar cost averaging is the practice of investing a fixed dollar amount at regular intervals over time regardless of the current market conditions.

Answer: TRUE

Difficulty: 1 Easy

Topic: Dollar cost averaging

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

82) Most people are highly motivated to make far more money than is required to provide for their basic needs and will make great sacrifices for incremental increases in income.

Answer: FALSE

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Evaluate

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

83) Having too much money in relation to your peer group may be stressful.

Answer: TRUE

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

84) Being frugal means never spending money.

Answer: FALSE

Difficulty: 1 Easy

Topic: Personal values

Learning Objective: 01-01 Evaluate your spending and saving habits and define what financial success means to you.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

85) Passive income is income received from your part-time job.

Answer: FALSE

Difficulty: 3 Hard

Topic: Types of investment income

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

86) Financial independence is when passive income exceeds expenses.

Answer: TRUE

Difficulty: 3 Hard

Topic: Financial goals

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

87) Interest from savings and income from investments are considered passive income.

Answer: TRUE

Difficulty: 1 Easy

Topic: Types of investment income

Learning Objective: 01-02 Develop a plan for achieving fiscally responsible, goal-based spending and saving.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

88) Specific goals are less likely to be achieved.

Answer: FALSE

Difficulty: 1 Easy

Topic: SMART approach

Learning Objective: 01-03 Align your financial plan with your personal goals.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

89) The most important factor in choosing a career is receiving the highest salary.

Answer: FALSE

Difficulty: 1 Easy

Topic: Career choice factors

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Apply

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

90) Society is most in control of your finances.

Answer: FALSE

Difficulty: 3 Hard

Topic: Personal values

Learning Objective: 01-04 Explore the different career choices that fit your personal mission statement and established goals.

Bloom's: Analyze

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation