



### Practice Quiz Bowl Questions – Answer Key

1. Which health care account is the only one available to those who are self-employed?

**Answer: HSA (Health Savings Account)**

2. An individual has filed for bankruptcy and has all their assets liquidated to pay their debts, and the remaining debt is discharged. This individual has filed for what type of bankruptcy?

**Answer: Chapter 7**

3. What is the name of a bond that is issued for less than its face value?

**Answer: Discount**

4. The Inflation Reduction Act gives consumers the opportunity to directly reduce their taxes by the amount of an energy-efficient home improvement (within limits). What is this tax reduction called?

**Answer: Tax credit**

5. Filbert has assets of \$30,000, income of \$75,000, credit card debt of \$15,000, a personal loan of \$2,000, and student loan debt of \$10,000. What is Filbert's debt-to-equity ratio?

**Answer: 0.9**

6. You are driving down the road at night and a deer runs in front of your car. You try to swerve, but hit the deer, causing damage to your car. What kind of insurance will cover this damage?

**Answer: Comprehensive**

7. Mainstream financial instruments are making you nervous, so you decide to keep your money in your sock drawer for the time being. Other than the risk of theft, what is the financial risk you are assuming when you do so?

**Answer: Inflation risk**

8. You make periodic investments in a mutual fund, investing the same amount on the same day each month, regardless of what the market is doing. What is this practice called?

**Answer: Dollar cost averaging**

9. A defined benefit retirement plan is also known as what?

**Answer: Pension**

10. Your financial advisor tells you that a certain investment has a real rate of return, taking into compounding into account, of 9.4%. What is the term for this return?

**Answer: Annual percentage yield**

11. Suppose a company releases information that their market capitalization is valued at \$1.4 billion. How did they arrive at this number?

**Answer: Price per share X number of shares of stock outstanding**

12. What is the name of the interest rate that the Federal Reserve directly sets?

**Answer: Federal funds rate**

13. What is the largest determining factor of your credit score?

**Answer: Payment history**

14. Isabel borrowed money to buy a car and didn't put any money toward a down payment. She now owes more on the car than what it is worth. What is this called?

**Answer: Being upside down on a loan**

15. If the Federal Reserve lowers interest rates in the coming months, what happens to bond prices and bond yields?

**Answer: Bond prices increase and yields decrease**

16. You fill out an IRS form when you start a new job that tells your employer how much tax to deduct from your paycheck. What is the name of this form?

**Answer: W-4**

17. You decide to borrow money to buy shares of a stock, not because you think the value will increase, but because you think the value will decrease. What is this called?

**Answer: Having a short position or buying short**

18. Sarah just got her first medical bill of the year. Her health insurance policy has a \$500 deductible and a 20% co-pay. How much of her \$1,500 bill will she need to pay out of pocket?

**Answer: \$800**

19. What is the term given to stock that guarantees dividends?

**Answer: Preferred stock**

20. What federal agency protects investors and ensures fair and orderly investment markets?

**Answer: Security and Exchange Commission**

21. You are interested in putting your money in a “no load” mutual fund. What does “no load” mean?

**Answer: There are no fees**

22. What is the primary reason a company issues stock?

**Answer: Generate working capital**

23. Travis and Taylor have each bought the exact same new car, down to every detail. Taylor’s monthly payment is lower than that of Travis. What are the three reasons that could cause this?

**Answer: She had a bigger down payment (also accept trade-in)**

**She financed over a longer term**

**She had a better credit score**

24. The interest rate that financial institutions charge their best customers is called what?

**Answer: Prime rate**

25. If you owe more money on your car than it is worth and you get into an accident that totals your car, what kind of insurance will you wish you had?

**Answer: Gap insurance**

26. Approximately how many years would it take for \$1,000 to become \$2,000 if the deposit is made into a savings account with an interest rate of 7.2%?

**Answer: 10 years**

27. Who is the current Chair of the Federal Reserve?

**Answer: Jerome Powell**

28. What is the maximum credit score you can have?

**Answer: 850**

29. What is the stock exchange that specializes in technology stocks?

**Answer: NASDAQ**

30. Irving gave an insurance company \$200,000. In return, the company is going to pay him a fixed amount each month when he retires for the rest of his life. What is the name of the instrument Irving purchased?

**Answer: Annuity**