

# Financial Fitness Checkup

## What kind of financial shape are you in?

Check your financial fitness by answering the following questions. Just write the letter of the correct answer in the blank to the left of each question. Good luck!

- \_\_\_\_\_ 1. You would like to open a savings account at a local bank. In which account would you earn more interest?
- A. Bank A pays interest at a rate of 3%, compounded annually.  
B. Bank B pays interest at an annual rate of 3%, compounded monthly.
- \_\_\_\_\_ 2. You owe \$250 each month for your car and insurance. Which part-time job would guarantee you could cover your bills and have some spending money left over?
- A. Job A pays \$8.00 an hour, and the boss says you'll work anywhere from 20 to 80 hours a month.  
B. Job B involves waiting tables in a restaurant, and you'll work 40 hours a month. It pays only \$4.00 an hour, but you get tips. Some of the servers make \$20 a night in tips alone.  
C. Job C pays \$8.00 per hour, and you'll work 35 hours every month.
- \_\_\_\_\_ 3. Two stores have your top-choice athletic shoes on sale. Which is offering the better buy?
- A. Store A: 20% off its regular price of \$79      B. Store B: 30% off its regular price of \$89
- \_\_\_\_\_ 4. You receive \$10 a week for an allowance and make another \$7 a week doing odd jobs. Six weeks from now you want to spend \$25 on your best friend's birthday gift. How much of your income do you need to save each week?
- A. one-tenth      B. one-fourth      C. one-third      D. one-half
- \_\_\_\_\_ 5. You write a check at a local store for \$10, which is \$5 more than you have in your checking account. You won't be able to deposit more money for a week. How much money will you have to deposit to cover the check?
- A. \$5      B. \$10      C. \$15-40
- \_\_\_\_\_ 6. A bank will lend you \$2,000 at 8% interest for two years toward the purchase of a used car. Your uncle will lend you the money at 7% for three years. If you want to pay as little interest as possible, from which should you borrow the money?
- A. bank      B. uncle
- \_\_\_\_\_ 7. You have decided that from the time you are 21 until you turn 31 (10 years), you will put \$2,000 a year into a retirement account. At age 31 you will stop adding money and leave your investment to grow. Your mother just turned 41 and plans to put \$2,000 a year into a retirement account from now until she turns 51 (also 10 years) and allow her investment to grow. You will each earn 6% annual interest. Which of you will have more money at age 65?
- A. you      B. your mother      C. Neither (both have the same amount)
- \_\_\_\_\_ 8. You turn 18 on January 1 of your senior year. Which choice lets you make more money by the time you're 20?
- A. Dropping out of school January 1 to start working right now for \$206 a week.  
B. Finishing school so you can earn \$300 a week at a job that starts July 1.