

Name: KEY Period: _____ Date: _____

Financial Literacy Test Review

1. Jackson has the following money allocated to each of his expenses each month in his budget: Housing-\$600, Utilities-\$450, Food-\$350, Car/Gas-\$325, Entertainment-\$100, and Savings-\$175.

What percentage of his budget does the food make up?

TOTAL BUDGET = \$2000

$$\frac{350}{2000} = \frac{x}{100}$$

2000x = 35000
 $x = 17.5\%$

2. Alicia is budgeting for her new house. She makes \$3600 a month and she has determined she can only spend 30% of her monthly income on a mortgage payment. How much can she spend on a mortgage payment?

$$\begin{array}{r} 3600 \\ \times .30 \\ \hline 1080 \end{array} = \boxed{\$1080}$$

3. Crystal makes \$15 per hour and she works 40 hours per week. She pays 20% in taxes and her health insurance costs her \$30 per week. What is her net income for the week?

$$40 \times 15 = 600 \text{ GROSS PAY}$$

$$\begin{array}{r} 600 \text{ GROSS PAY} \\ - 30 \text{ INSURANCE} \\ \hline 570 \text{ GROSS MINUS INSURANCE} \end{array}$$

$$\begin{array}{r} 570 \text{ GROSS MINUS} \\ - 114 \text{ TAXES} \\ \hline \end{array}$$

114

$\boxed{\$456 \text{ NET INCOME}}$

4. Sheldon has an estimated monthly budget of \$4000. What is the minimum annual salary that Sheldon must make in order to meet his budget?

$$\begin{array}{r} 4000 \\ \times 12 \\ \hline \end{array}$$

$\boxed{\$48,000}$

5. Identify the following as either assets or liabilities:

Mortgage, car loan, credit card debit, car value, home value, savings account, and retirement savings.

L L L A A A A

6. Robert just graduated college and is starting his new career as an engineer. He has \$20,000 of student loans, a car that is worth \$5000, and \$6000 in his savings account. What is his net worth?

ASSETS
 CAR 5000
 SAVINGS 6000
 TOTAL ASSETS = 11,000

NET WORTH = ASSETS - LIABILITIES
 11,000 - 20,000 = -9000

TOTAL LIABILITIES = 20,000

7. Identify the following as either variable or fixed expenses:

Rent, childcare, entertainment, utilities, food, transportation, and other.

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8. If you work 4 weeks per month at 40 hours per week, what is the minimum hourly wage that you can make in order to meet a monthly budget of \$2240?

40 x 4 = 160 hours per month

160 | 2240 = \$14 per hour

9. According to the table below, what percent of the total budget is spent on utilities?

Rent	\$900
Utilities	\$350
Childcare	\$350
Food	\$500
Entertainment	\$150
Transportation	\$100
Other	\$150

TOTAL BUDGET = 2500

10. According to the table above, what three categories make up less than 20% of the total budget?

2500
 x .20

 500

ENTERTAINMENT, TRANSPORTATION, OTHER

11. Trevor is planning to attend UT-Austin and the first year of tuition will cost him \$10,766. He received a scholarship for \$8000. What will be the net cost of the first year of college?

10,766 - 8000 = \$2766 net cost

12. Amber wants to go to Rice University. The cost for tuition and fees is \$4800 per semester and room and board will cost her \$10,900 per year. If it takes her 5 years to graduate, then what would be the total cost for attending college?

4800 x 2 = 9600 TUITION PER YEAR
 + 10,900 ROOM AND BOARD PER YEAR

 † 20,500 TOTAL COST PER YEAR

20,500
 x 5

 \$102,500