

Question 1

A corporate stock is never redeemed by its issuer.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505084>

Question 2

A positive contribution to savings must lead to an increase in assets, a decrease in liabilities, or a combination of each.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502209>

Question 3

Stacey has a debt service coverage ratio of 1.15. This tells us that

- A) Stacey has virtually no debt to service.
- B) Stacey's debt service charges are 1.15% of her take-home pay.
- C) Stacey has poor debt-carrying capacity and much of her future income will be required to service past debt.
- D) Stacey's debt reserves are only 1.15 times greater than her actual debts.

Answer: <https://biology-forums.com/index.php?topic=502165>

Question 4

Many conditions, that were once considered deviant, have shifted over time to be _____.

- a. Abnormal
- b. Normal
- c. Evil
- d. Wicked

Answer: <https://biology-forums.com/index.php?topic=504526>

Question 5

One rule of thumb mentioned in the text is that your home purchase should price equal about

- A) five times your after-tax income.
- B) two and one-half times your after-tax income.
- C) ten times your after-tax income.
- D) four times your after-tax income.

Answer: <https://biology-forums.com/index.php?topic=504860>

Question 6

In the process leading to the sale of a home, which of the following comes first?

- A) The seller makes an offer to sell by providing the buyer with a signed sales contract.
- B) The buyer makes an offer to purchase by providing the seller with a signed purchase contract.
- C) The real estate agent simultaneously provides the potential parties to the sale a purchase contract containing the agent's best estimate of an agreeable price.
- D) An escrow agent simultaneously provides the potential parties to the sale a purchase contract containing the average value of the ask and the bid.

Answer: <https://biology-forums.com/index.php?topic=504889>

Question 7

Over the period 1970 through 2006, the average annual return on Treasury bills was about 3%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505184>

Question 8

On some Stafford Loans the government covers interest payments while you are in school.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504731>

Question 9

A company with an EPS of \$2.00 and a P/E ratio of 10.0 has a market price of \$5.00 a share.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505352>

Question 10

A premium is

- A) the increase in cash value from investment returns.
- B) a return payment on the cost of the policy.
- C) not collected by mutual insurance companies.
- D) a periodic payment for life insurance.

Answer: <https://biology-forums.com/index.php?topic=505841>

Question 11

A unit investment trust is similar to a mutual fund, except shares are bought in units and the trust is more aggressively managed.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505489>

Question 12

Which of the following statements is false?

- A) A qualified tuition reduction is tax-free.
- B) If you are under 24 and a full-time student, you may be claimed as a dependent on your parent's return.
- C) If you are listed as a dependent on your parent's return, you need not file an individual return yourself.
- D) Scholarships and fellowships may or may not be included in taxable income.

Answer: <https://biology-forums.com/index.php?topic=502317>

Question 13

Which of the following is definitely not an adjustment to gross income?

- A) Contributions to a health savings account
- B) Non-taxable municipal bond interest
- C) Alimony payments
- D) Non-taxable contributions to IRAs

Answer: <https://biology-forums.com/index.php?topic=502255>

Question 14

When you placed a market order, your broker quoted a price of \$30. With this information we know that

- A) you will be unsure of the exact trade price.
- B) you will trade the stock at exactly \$30.
- C) you will trade the stock at a price of \$30, or higher.
- D) you will trade the stock at a price of \$30, or lower.

Answer: <https://biology-forums.com/index.php?topic=505070>

Question 15

An IRS audit is more likely if you take the standard deduction as opposed to itemizing deductions.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502377>

Question 16

Cancer insurance

- A) should be supplemented by additional policies covering other major illnesses.
- B) is high-cost insurance that makes little financial sense.
- C) can fill an important gap in traditional health care coverage.
- D) is specifically provided young adults under special provisions in the Medicare program.

Answer: <https://biology-forums.com/index.php?topic=505702>

Question 17

The "invoice price" is generally the price the auto manufacturer charges the dealer.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504823>

Question 18

Of those assets distributed at death, which one of the following must pass through probate?

- A) Assets distributed through the will
- B) Assets distributed through a contractual transfer
- C) Assets distributed through a living trust
- D) All of the assets described above must pass through probate.

Answer: <https://biology-forums.com/index.php?topic=505905>

Question 19

If ACR's expected total return is 25% and its required rate of return is 20%, you should

- A) sell the stock, if you already own it.
- B) not buy the stock.
- C) buy the stock.
- D) buy the stock, but only if its dividend yield is 5% or greater.

Answer: <https://biology-forums.com/index.php?topic=505250>

Question 20

The over-the-counter market (OTC) refers to exchanges in foreign countries.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505091>

Question 21

There are state-mandated guidelines for witnessing a will.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505970>

Question 22

In the terminology used by lenders, one "point" is equal to

- A) \$1,000.
- B) one percent of the amount borrowed.
- C) one percent of the purchase price.
- D) \$100.

Answer: <https://biology-forums.com/index.php?topic=504901>

Question 23

Holding cash in a temporary "parking place" is associated with which cash motive?

- A) Holding an emergency reserve
- B) Paying off credit
- C) Undertaking transactions
- D) Holding a short-term store of value

Answer: <https://biology-forums.com/index.php?topic=502401>

Question 24

A contingent beneficiary

- A) will share in the insurance pay-out only if the primary beneficiary is not alive.
- B) will share in the insurance pay-out only if the primary and secondary beneficiaries are not alive.
- C) will share in the insurance pay-out only if he or she satisfies certain conditions set out in the will.
- D) will always share in the insurance pay-out.

Answer: <https://biology-forums.com/index.php?topic=505850>

Question 25

Through a valid will, property may be left to minor children directly without the use of a trust arrangement.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505976>

Question 26

Deposit term insurance is

- A) typically a poor buy, because it is really high cost cash value insurance.
- B) typically a good buy, because it combines the benefits of both cash value insurance and pure term protection.
- C) low cost insurance sold by banks to their customers.
- D) high cost insurance sold by banks to their customers.

Answer: <https://biology-forums.com/index.php?topic=505867>

Question 27

Coding income and expense accounts facilitates identifying and summing amounts at month's end.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502242>

Question 28

The Securities Exchange Act of 1933 created the requirement for a document called a prospectus.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505093>

Question 29

An example of a _____ is someone who is able to access one's personal information which is stored on their laptop in order to steal one's identity.

- a. Cybercrime
- b. Violent crime
- c. White-collar crime
- d. Blue-collar crime

Answer: <https://biology-forums.com/index.php?topic=504582>

Question 30

Ed and his wife Edna gave their daughter \$24,000. There are no potential estate taxes on this gift.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502392>

Question 31

Disputes between clients and brokers are typically resolved through a binding arbitration process.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505099>

Question 32

You expect a stock to pay a dividend of \$2 a share in the upcoming year, and you expect that dividends will grow by 12% a year. If the current price of the stock is \$50, its expected return is 16%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505348>

Question 33

The primary function of the specialist is to maintain an orderly and continuous market.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505089>

Question 34

HMOs provide only minimal basic health care coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505775>

Question 35

Comprehensive health insurance typically does not cover custodial care in a nursing home.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505756>

Question 36

Which of the following publications is exclusively investment-oriented?

- A) Forbes
- B) Changing Times
- C) Money
- D) Consumer Reports

Answer: <https://biology-forums.com/index.php?topic=505074>

Question 37

Which alternative below is not true of current consumption?

- A) It can increase through current borrowing.
- B) It refers to goods and services used in the current time period.
- C) It is usually less desirable than future consumption.
- D) Generally, more of it leads to greater levels of satisfaction.

Answer: <https://biology-forums.com/index.php?topic=502053>

Question 38

All personal expenses can be claimed as itemized expenses except those specifically disallowed by the IRS.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502367>

Question 39

Which of the following is not a characteristic of home equity loans?

- A) They may generate tax-deductible interest payments.
- B) They carry higher interest rates than non-secured consumer loans.
- C) Repayment may be stretched out over many years.
- D) The proceeds may be used to finance consumption of consumer goods.

Answer: <https://biology-forums.com/index.php?topic=504662>

Question 40

A brokerage account that lets you borrow is known as a

- A) cash account.
- B) margin account.
- C) options account.
- D) trading account.

Answer: <https://biology-forums.com/index.php?topic=505059>

Question 41

Two primary risks associated with corporate and municipal bonds are

- A) alpha and beta risks.
- B) sinking fund and serial redemption risks.
- C) agency and payout risks.
- D) default and interest-rate risks.

Answer: <https://biology-forums.com/index.php?topic=505314>

Question 42

The Sarbanes-Oxley Act intends to enhance corporate responsibility and financial disclosures.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505100>

Question 43

A bond sinking fund

- A) involves reserving funds to pay periodic bond interest.
- B) refers to the practice of selling bonds and saving the proceeds as an emergency in case the company goes bankrupt.
- C) refers to bonds of corporations that are in default.
- D) is a method of reserving funds to gradually retire bonds.

Answer: <https://biology-forums.com/index.php?topic=505284>

Question 44

BTA, Inc. declared a two-for-one stock split. Assuming you presently own 100 shares means that you

- A) will receive 200 more shares.
- B) will receive another 100 shares.
- C) will receive two more shares.
- D) can convert your 100 shares of common stock into 200 shares of preferred stock.

Answer: <https://biology-forums.com/index.php?topic=505234>

Question 45

Discounting is the reverse process of compounding.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502113>

Question 46

Which item below is not associated with goal planning?

- A) Determining a savings schedule
- B) Constructing a budget
- C) Adjusting for inflation
- D) Making goals concrete

Answer: <https://biology-forums.com/index.php?topic=502089>

Question 47

Local property taxes paid by the homeowner are not deductible on your federal tax return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504948>

Question 48

Interest rate risk results from the fact that

- A) corporations may default.
- B) bond prices are positively related to interest rates.
- C) bond prices are negatively related to interest rates.
- D) tax rates on interest income can change.

Answer: <https://biology-forums.com/index.php?topic=505313>

Question 49

Which of the following is not used to defer income?

- A) Municipal bonds
- B) Traditional IRAs and Keoghs
- C) Annuities
- D) U.S. Treasury Series EE bonds

Answer: <https://biology-forums.com/index.php?topic=502322>

Question 50

In a homeowners' policy, the subrogation clause

- A) provides coverage from any damage due to a subterranean source.
- B) places your right to sue after the insurers right to sue for recovery of its payments for damages.

- C) places your right to sue before the insurers right to sue for recovery of its payments for damages.
D) eliminates your right to sue for any damages for which even partial reimbursement is received.

Answer: <https://biology-forums.com/index.php?topic=505565>

Question 51

With an interest rate of 9%, \$5,000 will grow to \$10,000 in approximately

- A) 4 years.
B) 24 years.
C) 12 years.
D) 8 years.

Answer: <https://biology-forums.com/index.php?topic=502076>

Question 52

Federal income taxes are determined by your global income.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=502344>

Question 53

You cannot buy an open-end fund at a premium or discount.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505465>

Question 54

A regular dividend refers to

- A) the payment of a dividend on a company's regular shares of stock.
B) the routine payment of a cash dividend.
C) a dividend declared at a regular meeting of the board of directors.
D) a stock dividend.

Answer: <https://biology-forums.com/index.php?topic=505228>

Question 55

You are evaluating two investments, A and B. Data appear below: AB Expected return 10% 12% Highest possible return 20% 14% Lowest possible return 0% - 4% The riskier investment is

- A) B, because it has a possible loss.
B) A, because it has a lower expected return.
C) B, because its possible highest return is less than A.
D) A, because it has a wider range of returns.

Answer: <https://biology-forums.com/index.php?topic=505135>

Question 56

Which item below is not used to determine interest on a consumer loan?

- A) Accelerated basis
B) Add-on method
C) Discount method
D) Simple interest

Answer: <https://biology-forums.com/index.php?topic=504644>

Question 57

When you reconcile your monthly bank statement, any checks outstanding should be deducted from your book balance.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=502530>

Question 58

Major medical coverage usually begins only after your health care expenditures exceed a rather large deductible.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505763>

Question 59

As a bond's price increases, its yield to maturity decreases.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505398>

Question 60

With a 10% discount rate, the present value factors of \$1 received at the end of each of the next three years are 0.909, 0.826, and 0.751, respectively. Given these values, the present value of a \$1,000 (par), 3-year corporate bond with an 8% coupon rate is

- A) \$1,1198.88.
- B) \$751.00.
- C) \$198.88.
- D) \$949.88.

Answer: <https://biology-forums.com/index.php?topic=505310>

Question 61

As interest rates rise, bond prices

- A) rise.
- B) fall.
- C) are unaffected; they may rise or fall.
- D) are readjusted by their issuers to maintain constant coupon rates.

Answer: <https://biology-forums.com/index.php?topic=505315>

Question 62

An important part of goal planning is adjusting present values for expected inflation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502116>

Question 63

A fund that attempts to match the overall market's performance is

- A) an index fund.
- B) a maximum capital appreciation fund.
- C) a matching fund.
- D) a sector fund.

Answer: <https://biology-forums.com/index.php?topic=505419>

Question 64

In which of the following policies does the face amount of the policy decrease over time?

- A) Renewable term
- B) Universal life
- C) Whole life
- D) Decreasing term

Answer: <https://biology-forums.com/index.php?topic=505866>

Question 65

Probate costs are costs associated with

- A) validating your will and distributing your estate.
- B) providing an ongoing maintenance fund.
- C) drawing up the life insurance contract.
- D) outstanding loans due.

Answer: <https://biology-forums.com/index.php?topic=505820>

Question 66

A stock's alpha value = expected return minus required return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505207>

Question 67

Dollar cost averaging is a method of selecting securities that focuses upon application of the CAPM.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505209>

Question 68

A simple yardstick to measure your annual income performance is to compare the annual inflation rate with your

- A) percentage increase in real expenses.
- B) percentage increase in nominal expenses.
- C) percentage increase in real income.
- D) percentage increase in nominal income.

Answer: <https://biology-forums.com/index.php?topic=502160>

Question 69

You engage in a short sale when you

- A) sell shares of stock you do not own.
- B) sell a put.
- C) sell stock to cover a margin call.
- D) sell options on a stock for future sale.

Answer: <https://biology-forums.com/index.php?topic=505067>

Question 70

Cash value insurance provides a death protection component and a savings component.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505935>

Question 71

Capital gains can arise from the sale of any capital asset, but capital losses are limited to investment assets.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502374>

Question 72

You may only specify one person as a primary beneficiary.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505932>

Question 73

A savings account is an example of a liquid asset.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502191>

Question 74

In relation to the balance sheet, an income statement shows

- A) financial position, not financial performance.
- B) activities at a point in time, not over a period of time.
- C) the period's savings or dissavings, not net worth.
- D) net worth, not the period's savings or dissavings.

Answer: <https://biology-forums.com/index.php?topic=502149>

Question 75

A trustee has a fiduciary responsibility to manage the trust in the best interests of the beneficiary.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505997>

Question 76

A municipal bond has a quoted yield of 5%. If an investor has a 20% marginal tax rate, the bond's pre-tax equivalent yield is

- A) 6.25%.
- B) 7.25%.
- C) 5.50%.
- D) 4.00%.

Answer: <https://biology-forums.com/index.php?topic=505303>

Question 77

A positive contribution to savings can

- A) increase net worth only.
- B) increase assets only or liabilities only.
- C) increase both assets and net worth.
- D) increase both assets and liabilities.

Answer: <https://biology-forums.com/index.php?topic=502150>

Question 78

You may deduct an IRA investment only if you itemize expenses.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502350>

Question 79

Hoarders, people who fill their homes with items from the ceiling to the floor, are examples of the:

- a. Dangerous consumers
- b. Medicalized view of overconsumption
- c. Deviant consumers
- d. Mentally ill consumers

Answer: <https://biology-forums.com/index.php?topic=504529>

Question 80

Good advice is to not sell a stock simply because it is overvalued.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505215>

Question 81

The labeling theory falls under the _____ perspective as it pertains to explaining deviance.

- a. Conflict-critical theoretical
- b. Structural-functional theoretical
- c. Interactionist
- d. Feminist

Answer: <https://biology-forums.com/index.php?topic=504565>

Question 82

Homeowners' policies may specifically limit reimbursement on unscheduled personal property.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505645>

Question 83

There is an earnings test for those who apply for Social Security disability benefits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505802>

Question 84

At the end of the year, your employer will provide you with a statement listing your total wages for the year. This is known as a Form

- A) 1040a.
- B) W-4.
- C) W-2.
- D) 1040.

Answer: <https://biology-forums.com/index.php?topic=502293>

Question 85

When companies have misleading advertisements and distribute goods that they know are harmful to the public, all in the name of making a profit, this is an example of a _____.

- a. Political crime
- b. Organized crime
- c. Corporate crime
- d. Property crime

Answer: <https://biology-forums.com/index.php?topic=504574>

Question 86

Agnes has a checking account and she has just received her March bank statement that shows an ending balance of \$250. Agnes' records indicate an ending balance of \$220. In looking over the data you notice that two checks Agnes wrote totaling \$75 had not yet cleared the bank, while a deposit for \$40 that she mailed had not been received by the bank. There also was a \$5 bank service charge. To adjust her records, Agnes should

- A) do nothing, everything seems in good order.
- B) call the bank and tell them that their balance is incorrect.
- C) reduce her book balance by \$5.
- D) increase the bank balance by \$40.

Answer: <https://biology-forums.com/index.php?topic=502422>

Question 87

Coordinating investments in a 401(k) plan with investments outside the plan usually

- A) means having sufficient liquidity both in and out of plan.
- B) involves selecting high current-return assets in plan with growth assets outside.
- C) involves selecting growth assets in plan with high current return assets outside.
- D) dictates the same proportion of growth assets to high-income assets, both in and out of plan.

Answer: <https://biology-forums.com/index.php?topic=505457>

Question 88

The PEG ratio is equal to a company's P/E ratio divided by its growth rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505355>

Question 89

Liquidity ratios attempt to measure the adequacy of a family's net worth.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502220>

Question 90

A single taxpayer may

- A) exclude all of the capital gain on the sale of a home; however, this exclusion may only be taken once in a lifetime.
- B) exclude up to \$250,000 of the capital gain every time he or she sells a home as long as they have lived in the home for a period of two years.
- C) exclude up to \$250,000 of the capital gain every time he or she sells a home only if they are at least 55 years of age.
- D) not exclude from current income any of the capital gain on the sale of a home.

Answer: <https://biology-forums.com/index.php?topic=504873>

Question 91

A master budget worksheet can be prepared on the same form that is used for the income statement.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502236>

Question 92

Social Security disability benefits are not affected by family status.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505803>

Question 93

The "blackout" period refers to the time between

A) when you begin working and you become a covered worker.

B) early retirement age and normal retirement age.

C) the date of death and when survivors benefits begin.

D) when benefits cease for a caretaking spouse and a widow(er)s pension begins.

Answer: <https://biology-forums.com/index.php?topic=505827>

Question 94

The law requires that the proceeds from a home equity loan be used only for the renovation of a single family dwelling.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504730>

Question 95

An express warranty

A) must be written in nature.

B) represents a contractual agreement between the buyer and seller.

C) expires after a short period of time.

D) must be oral in nature.

Answer: <https://biology-forums.com/index.php?topic=504757>

Question 96

The price that the manufacturer charges the dealer for a new car is the

A) dealer price.

B) sticker price.

C) base price.

D) invoice price.

Answer: <https://biology-forums.com/index.php?topic=504769>

Question 97

Insurance covering bank savings accounts is called deposit term insurance.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505941>

Question 98

Scheduled property can be insured using a personal articles floater.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505647>

Question 99

In most cases, you have unlimited access to a passbook savings account.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502453>

Question 100

You can combine your student loans in one convenient package and extend the repayments with what is termed a

- A) joint loan agreement.
- B) Perkins loan.
- C) national defense loan.
- D) consolidation loan.

Answer: <https://biology-forums.com/index.php?topic=504668>

Question 101

Which of the following is not a tax advantage associated with home ownership?

- A) Imputed non-taxed rental income
- B) Deductible property taxes
- C) Tax deductible repayment of loan principal
- D) Capital gain tax exemption

Answer: <https://biology-forums.com/index.php?topic=504876>

Question 102

A money market deposit account does not have a fixed rate of interest.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502455>

Question 103

These two products provide decreasing death protection over time.

- A) Group mortgage and variable life insurance
- B) Decreasing term and group mortgage insurance
- C) Group mortgage and universal life insurance
- D) Decreasing term and universal life insurance

Answer: <https://biology-forums.com/index.php?topic=505865>

Question 104

Since most lenders will provide total interest paid but not interest rates, you should know how to calculate them.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504710>

Question 105

A future return is described most appropriately as

- A) price appreciation.
- B) dividends or interest.
- C) a total return.
- D) a contractual promise to pay.

Answer: <https://biology-forums.com/index.php?topic=505010>

Question 106

The higher your credit score, the easier it is to obtain credit.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504695>

Question 107

When a closed-end lease expires,

- A) ownership of the car is transferred to the consumer.
- B) you may have to pay additional charges for excess mileage and damage to the vehicle.
- C) you may have to pay an additional amount if the resale value of the car is less than anticipated.
- D) you simply walk away because there are never any additional charges.

Answer: <https://biology-forums.com/index.php?topic=504790>

Question 108

Those aged 55 to 64 are more likely to rent their home than those below age 55.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504937>

Question 109

You are more likely to receive private disability benefits than Social Security disability benefits for a given illness or injury.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505801>

Question 110

John is an ex-con who moves to a rural town after being let out of prison. He has moved there so that no one will know his identity and what he has done in the past. He is someone, in his opinion, who has a _____.

a. Discredited stigma

b. Discreditable stigma

c. Disconcernable stigma

d. Invisible stigma

Answer: <https://biology-forums.com/index.php?topic=504569>

Question 111

An umbrella policy

A) will cover the deductible and the co-insurance payment on only your homeowners' policy.

B) will extend the number of covered perils while leaving the liability limits on your auto and homeowners' policies unchanged.

C) will cover the deductible and the co-insurance payment on both your homeowners' policy and your auto policy.

D) will extend the liability limits on your homeowners' policy and your auto policy.

Answer: <https://biology-forums.com/index.php?topic=505587>

Question 112

A participating preferred stock allows its holder to vote and participate in managing the company.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505401>

Question 113

The Sarbanes Oxley act tightened rules governing financial disclosures.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505101>

Question 114

The insurance policy's cash value is equal to the savings accumulated during the existence of the contract.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505926>

Question 115

If actual inflation rates exceed the rates assumed in our goal planning, the required annual savings amount can be reduced.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502124>

Question 116

A credit bureau provides

A) a place where consumers can get help in managing credit.

B) a questionnaire to be completed by the credit applicant.

C) a credit report showing your credit history.

D) a decision on whether or not you should be given credit and how much.

Answer: <https://biology-forums.com/index.php?topic=503670>

Question 117

The Hope Education Credit may only be taken for the first two years of post secondary education

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502380>

Question 118

A policy with an accidental death benefit

- A) forgives all policy loans in the event of an accidental death.
- B) covers the cost of emergency medical services in the event of an accidental death.
- C) covers the cost of transporting the remains from the any place in the country to the resident city of the deceased.
- D) can pay out more than the face value of the policy given an accidental death.

Answer: <https://biology-forums.com/index.php?topic=505832>

Question 119

When the estate is divided equally among each branch of the family, but not necessarily equally among each of the offspring, there is a

- A) per se division of the property.
- B) per quod division of the property.
- C) per stirpes division of the property.
- D) per capita division of the property.

Answer: <https://biology-forums.com/index.php?topic=505899>

Question 120

If your health care coverage is "guaranteed renewable," the insurance company must renew your insurance with no increase in premiums.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505767>

Question 121

Modified whole life attempts to meet the life cycle needs of the family.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505945>

Question 122

Which item below is not true of the Securities and Exchange Commission?

- A) It was created by federal government.
- B) It approves securities for sale in financial markets.
- C) It requires that potential securities buyers be provided prospectuses.
- D) It insures investors against losses from fraud or theft.

Answer: <https://biology-forums.com/index.php?topic=505042>

Question 123

Under a full warranty, you may request a replacement or a refund after the dealer has had a reasonable number of attempts to fix the product and has failed to do so.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504816>

Question 124

All of the affiliates of Blue Cross/Blue Shield have been financially stable companies.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505796>

Question 125

A fund's reinvestment plan allows investors to

- A) make periodic deposits to the fund from their checking accounts.
- B) make regular withdrawals from the fund.
- C) reinvest profits from one fund into shares of another fund.

D) reinvest all dividends and/or capital gains into the fund's shares.

Answer: <https://biology-forums.com/index.php?topic=505424>

Question 126

You are least likely to favor added points over a higher contract rate if you are

- A) likely to move in a few years.
- B) likely to remain in the home for the duration of the mortgage.
- C) a high income individual.
- D) a low income individual.

Answer: <https://biology-forums.com/index.php?topic=504905>

Question 127

A due-on-sale clause requires the immediate return of earnest money at closing.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504996>

Question 128

The mortgage clause on a homeowners insurance policy requires that

- A) you must be promptly notified if the holder of your mortgage transfers the contract to another lending institution.
- B) in the event you are held liable for damages to a third party, the courts may not attach a lien on the mortgaged equity in the home.
- C) payments for damages to the structure of the building be made to the mortgagee who will hold the funds until repairs are completed.
- D) if insurance premiums are not paid on time, the lender may revoke your home mortgage.

Answer: <https://biology-forums.com/index.php?topic=505563>

Question 129

Evidence shows that returns on corporate stocks and Treasury bills were about equal.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505181>

Question 130

An example of diminishing marginal satisfaction is

- A) enjoying both pizzas equally.
- B) enjoying a second pizza more than the first.
- C) enjoying the second pizza less than the first.
- D) not enjoying either pizza.

Answer: <https://biology-forums.com/index.php?topic=502055>

Question 131

Private health insurance covers almost 75% of private health care expenditures.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505750>

Question 132

The higher a stock's beta, the

- A) lower its random risk.
- B) higher its market risk.
- C) higher its expected return.
- D) lower its required return.

Answer: <https://biology-forums.com/index.php?topic=505157>

Question 133

Which of the following policies has little or no cash value buildup?

- A) Adjustable life
- B) Universal life
- C) Variable life
- D) Term life

Answer: <https://biology-forums.com/index.php?topic=505859>

Question 134

A company loses sales volume because a competitor introduces a better product. This is an example of

- A) systematic risk.
- B) random risk.
- C) market risk.
- D) beta risk.

Answer: <https://biology-forums.com/index.php?topic=505152>

Question 135

The following two items are from Marcia White's "Dining Out" expense category:

- (1) January monthly variance = \$25 (favorable);
- (2) February cumulative variance = -\$10 (unfavorable).

If Marcia budgeted \$85 a month for this activity, we know that she

- A) has not budgeted properly.
- B) can bring the activity back within budget by spending \$85 in March.
- C) spent \$60 in January and \$120 in February.
- D) spent \$60 in January and \$95 in February.

Answer: <https://biology-forums.com/index.php?topic=502178>

Question 136

A master budget worksheet is simply forecasted income and expenses for the budget year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502235>

Question 137

Ben Fasby has taxable income of \$7,000, and the following tax rate schedule is applicable:

Taxable Income Tax Rate

\$0 to \$3,400 0 %

\$3,400 to \$5,500 12 %

\$5,500 to \$7,600 14 %

Ben's average tax rate is

- A) 14.0%.
- B) 12.0%.
- C) 8.3%.
- D) 6.6%.

Answer: <https://biology-forums.com/index.php?topic=502281>

Question 138

Matthew Sheppard was a gay university student who was killed by three men in 20

Answer: <https://biology-forums.com/index.php?topic=504579>

Question 139

Group mortgage life is most similar to

- A) whole life insurance.
- B) renewable term insurance.
- C) deposit term insurance.
- D) decreasing term insurance.

Answer: <https://biology-forums.com/index.php?topic=505864>

Question 140

Probate costs are associated with the validation of your will and the transfer of your estate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505920>

Question 141

The invoice price of a new car is the

- A) retail price of the car before discounts.
- B) retail price after discounts.
- C) base price the dealer pays the manufacturer.
- D) base price of the car without options.

Answer: <https://biology-forums.com/index.php?topic=504772>

Question 142

Control/Critical theorists, when looking at deviant behavior, focus on:

- a. How people interact and define the world around them
- b. How deviance fulfills certain functions
- c. How inequality causes some of the less powerful individuals in society to engage in deviant and criminal acts because they have few ways of succeeding in society
- d. How individuals learn deviant behavior from family members and friends

Answer: <https://biology-forums.com/index.php?topic=504544>

Question 143

You can double your investment in 6 years if you can earn 12% on your investments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502102>

Question 144

The cumulative feature of preferred stock means

- A) investors choose not to receive a dividend but rather let them accumulate.
- B) that the stock's issuer must accumulate funds in a sinking account.
- C) an unpaid dividend in one year accumulates and must be paid in the future before any dividend can be paid on common stock.
- D) any unused votes accumulate to future periods where they can then be exercised.

Answer: <https://biology-forums.com/index.php?topic=505319>

Question 145

Many financial planners believe you should hold emergency reserves of no more than one month of after-tax income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502444>

Question 146

States do not impose death taxes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502396>

Question 147

Which item below is not true of the New York Stock Exchange?

- A) It has been moving trades onto an electronic communications network.
- B) It has eliminated the use of specialists.
- C) It uses a "hybrid" systems that combines hand to hand trades with an electronic network.
- D) It is one part of an organization that manages several exchanges.

Answer: <https://biology-forums.com/index.php?topic=505028>

Question 148

The statute of limitations as it generally applies to the income tax law means that

- A) that your total taxes, both federal and state, cannot exceed an annually determined limit.
- B) the IRS has three years from the time of your filing to impose additional tax liabilities.
- C) you must pay your tax liability within three days of filing your return or face a stiff penalty.
- D) both you and the IRS can change your tax return regardless of when it was filed if it contains mistakes.

Answer: <https://biology-forums.com/index.php?topic=502315>

Question 149

An inter vivos trust is the same as

- A) a testamentary trust.
- B) a revocable trust.
- C) an irrevocable trust.
- D) a living trust.

Answer: <https://biology-forums.com/index.php?topic=505912>

Question 150

Because points represent finance charges on the loan, they are tax-deductible.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504965>

Question 151

Home equity loans have been unpopular because interest on this loan is not tax-deductible.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504729>

Question 152

The cost of owning an automobile represents a fixed cost.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504830>

Question 153

Modified whole life is ideal for those individuals who need greater death protection in old age.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505947>

Question 154

Homicide is the leading cause of death for which race?

- a. Whites
- b. Latinos
- c. Asians
- d. Blacks

Answer: <https://biology-forums.com/index.php?topic=504587>

Question 155

Medigap insurance fills the gap between expenses that re covered by medicaid and those that are not.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505792>

Question 156

A company's annual financial report is prepared by the SEC.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505096>

Question 157

In many states commercial insurers are covered by a state guarantee fund that protects policyholders if an insurer gets into financial trouble.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505795>

Question 158

Comprehensive endorsement Form HO-15

- A) extends coverage under HO-3 to include named perils coverage on contents.
- B) extends coverage under HO-3 to include all risks coverage on contents.
- C) extends liability limits to \$1 million or more.
- D) extends coverage to include a second home owned by the named insured.

Answer: <https://biology-forums.com/index.php?topic=505583>

Question 159

If you die without a will, the court will appoint the following to handle your death estate:

- A) an administrator.
- B) an executor.
- C) a grantor.
- D) a testator.

Answer: <https://biology-forums.com/index.php?topic=505893>

Question 160

Dissavings can

- A) decrease net worth only.
- B) decrease both assets and liabilities.
- C) decrease assets only or liabilities only.
- D) decrease assets and net worth.

Answer: <https://biology-forums.com/index.php?topic=502151>

Question 161

Which of the following statements might be considered poor advice in budgeting?

- A) Use the budget to direct and control expenses.
- B) Set realistic budget goals.
- C) Use the budget primarily as a record-keeping device.
- D) Stick to simple procedures.

Answer: <https://biology-forums.com/index.php?topic=502167>

Question 162

A balloon payment usually comes at the end of a loan.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504724>

Question 163

Which of the following statements concerning auto leasing is false?

- A) Auto leasing for personal use provides significant tax benefits.
- B) Auto leasing can hold down your up-front auto costs.
- C) The cost of the lease will include financing costs and depreciations costs.
- D) Auto leasing can hold down your monthly payments.

Answer: <https://biology-forums.com/index.php?topic=504793>

Question 164

From a safety perspective, which alternative below offers the best advice?

- A) Avoid any institution that is not a commercial bank.
- B) Make sure an account is federally insured.
- C) Make sure an account is state insured.
- D) Avoid using out-of-state institutions.

Answer: <https://biology-forums.com/index.php?topic=502403>

Question 165

In specific areas of the country, flood insurance may be provided through the federal government's National Flood Insurance Program.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505657>

Question 166

Only those with dependents need disability income protection.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505797>

Question 167

Which of the following statements concerning Social Security survivor benefits is false?

- A) Survivor benefits are based on the historic earnings of the deceased.
- B) To be eligible for survivors' benefits the deceased must have had a record of recent or past earnings.
- C) Only widows with a young child are entitled to benefits.
- D) A dependent parent age 62 or above may receive benefits.

Answer: <https://biology-forums.com/index.php?topic=505824>

Question 168

Estate planning is primarily concerned with how best to distribute your wealth during your life and at death.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502590>

Question 169

The term "community property" as applied in estate planning is property that

- A) is equally shared by parents and children within the family unit.
- B) belongs to the government and therefore cannot be bequeathed by private individuals.
- C) was acquired by the joint efforts of husband and wife and in which each equally shares in the ownership.
- D) is jointly owned by the extended family including grandparents and grandchildren.

Answer: <https://biology-forums.com/index.php?topic=505907>

Question 170

The "Rule of 78" tends to favor

- A) the lender over the borrower if there is not an early repayment of the loan.
- B) the lender over the borrower if there is an early repayment of the loan.
- C) the borrower over the lender if there is not an early repayment of the loan.
- D) the borrower over the lender if there is an early repayment of the loan.

Answer: <https://biology-forums.com/index.php?topic=504656>

Question 171

If a security's beta is 1.5 and the market return is expected to increase 20%, the security's return should increase 21.5%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505201>

Question 172

The marital deduction on the taxable estate is currently

- A) at \$500,000 and is scheduled to more than double over the next few years.
- B) at \$600,000.
- C) at \$500,000 and is scheduled to be cut in about half over the next few years.
- D) unlimited.

Answer: <https://biology-forums.com/index.php?topic=502337>

Question 173

Using the federal income tax formula, which statement below is true?

- A) Adjusted gross income equals gross income items minus personal exemption deductions.
- B) Taxable income equals adjusted gross income minus credits.
- C) Adjusted gross income equals gross income items plus or minus adjustments to gross income.
- D) Gross income items equal adjusted gross income minus personal exemptions.

Answer: <https://biology-forums.com/index.php?topic=502254>

Question 174

When purchasing a home you first should consult an attorney

- A) after signing a purchase agreement, but before closing on the purchase.
- B) only after the title search is complete.
- C) In most cases there is no need to consult an attorney when purchasing a typical single family dwelling unit.
- D) before signing a purchase agreement.

Answer: <https://biology-forums.com/index.php?topic=504891>

Question 175

Series I bonds grow at a composite rate that includes a fixed rate and the inflation rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502550>

Question 176

Given identical data, the future value of annuity due is always greater than the future value of an ordinary annuity.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502108>

Question 177

A mutual fund with a portfolio turnover of 100% is changing its complete portfolio during a period.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505488>

Question 178

Which item below contains all inflexible expenses?

- A) Hobbies, clothing, vacations
- B) Life insurance, health insurance, utilities
- C) Auto loan payments, mortgage payments, auto insurance
- D) Rent, dining out, payroll taxes

Answer: <https://biology-forums.com/index.php?topic=502154>

Question 179

Conflict/critical theorists focus on how inequalities cause some of the less-powerful individuals in society to engage in deviant and criminal acts because they have few, if any, other ways of succeeding in society.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504599>

Question 180

If you co-sign a loan

- A) you are not responsible for future payments on the loan. Your signature only indicates that you believe the borrower is credit worthy.
- B) you are only responsible for the portion of the loan that you personally benefited from.
- C) you are financially responsible for the outstanding loan balance should the borrower stop repayments.
- D) you are only responsible for the remaining loan payments if the borrower becomes bankrupt.

Answer: <https://biology-forums.com/index.php?topic=504669>

Question 181

Which of the following statements concerning the letter of last instructions is false?

- A) It should explain why you have structured your bequests the way you did.
- B) It should name your current financial and business advisors.
- C) It should provide information on your estate.
- D) It should legally determine your beneficiaries.

Answer: <https://biology-forums.com/index.php?topic=505902>

Question 182

Named perils on a homeowners' insurance policy do not include

- A) theft.
- B) fire.

- C) windstorm.
- D) flood.

Answer: <https://biology-forums.com/index.php?topic=505590>

Question 183

Which lender below most likely would offer the lowest interest rate on the loan indicated?

- A) Insurance company (a policy loan)
- B) Finance company automobile loan
- C) Pawnshop (using your guitar for collateral)
- D) Commercial bank automobile loan

Answer: <https://biology-forums.com/index.php?topic=504664>

Question 184

If you wish to double your money in 6 years, you must earn an interest rate of about

- A) 24%.
- B) 36%.
- C) 8%.
- D) 12%.

Answer: <https://biology-forums.com/index.php?topic=502077>

Question 185

A bond has a 1-year maturity and a 10% coupon rate. If the bond's yield to maturity is 15%, its present value is approximately \$950.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505389>

Question 186

The longer the maturity of a bond,

- A) the less its price sensitivity.
- B) the less its price sensitivity and the lower its coupon rate.
- C) the greater its price sensitivity.
- D) the lower its coupon rate.

Answer: <https://biology-forums.com/index.php?topic=505316>

Question 187

The only sensible argument for using credit is that you lack sufficient resources to purchase with cash.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504679>

Question 188

Three years ago, Michelle bought a custom-made bookcase to fit in the corner of her apartment. She paid \$1,000 for it. To replace it today would cost \$1,500; however, if she had to sell it, she believes she could get only \$700. The appropriate balance sheet amount for the bookcase is

- A) \$1,000.
- B) \$1,200.
- C) \$ 700.
- D) \$1,500.

Answer: <https://biology-forums.com/index.php?topic=502135>

Question 189

Allen Fund had NAV values of \$9, \$10, and \$12 at the beginning, middle, and end of last year, respectively. It made a \$1.00 per share distribution at mid-year. The average annual total return of the fund for the year is

- A) 55.55%.
- B) 46.67%.
- C) 44.44%.
- D) 33.33%.

Answer: <https://biology-forums.com/index.php?topic=505426>

Question 190

Which one of the following auto expenses represents a cost of operations?

- A) Loan payments
- B) Sales tax and titling
- C) Gasoline
- D) Depreciation

Answer: <https://biology-forums.com/index.php?topic=504784>

Question 191

One reason for using credit is as a shopping convenience.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504678>

Question 192

Rob's income was \$20,000 in 2005 and \$22,000 in 2006. If inflation was 6% in 2006, then we can say that Rob's 2006 income

- A) exceeded the inflation rate by 4%.
- B) lagged the inflation rate by 2%.
- C) simply matched the inflation rate.
- D) fell behind the inflation rate.

Answer: <https://biology-forums.com/index.php?topic=502158>

Question 193

Business risk refers to problems encountered by simply going into business.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505179>

Question 194

A money market deposit account limits both deposits and withdrawals during a month.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502451>

Question 195

While a stock dividend increases the number of shares you own, it also leads to a lower market price per share.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505331>

Question 196

A mutual fund is an organization that

- A) invests its funds in securities issued by corporations and governments.
- B) a partnership of corporate investors.
- C) is part of an insurance company that invests policyholders' premiums.
- D) sets money aside to absorb potential stock market losses.

Answer: <https://biology-forums.com/index.php?topic=505405>

Question 197

To reduce risk, you should look for assets with highly positively correlated related returns.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505188>

Question 198

Which of the following is not a disadvantage of using credit?

- A) When credit is used to purchase an item, your net worth falls by the amount borrowed.
- B) There are costs associated with credit.
- C) You will have less flexibility with future budgets.
- D) Credit may lead to overspending.

Answer: <https://biology-forums.com/index.php?topic=503663>

Question 199

A constant ratio plan re-balances a portfolio to predetermined target weights.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505517>

Question 200

The Mark Fund had a rate of return of 18% last year. If its beta weight was +1.5 and if the return on the overall market was 15%, its risk adjusted rate of return, RAROR, is

- A) +23.0%.
- B) +19.5%.
- C) - 3.0%.
- D) + 2.0%.

Answer: <https://biology-forums.com/index.php?topic=505431>

Question 201

Preferred stocks typically mature at a specific date set by the corporation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505085>

Question 202

A check is the most secure form of payment for purchases on the Internet

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504803>

Question 203

A decline in used car prices may increase end-of-lease payments under a closed-end lease.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504839>

Question 204

You should carry uninsured motorist coverage

- A) no matter what the state required coverage is.
- B) only if your state requires that you carry uninsured motorist coverage.
- C) only if your state does not require liability coverage for all drivers.
- D) only if your state does not have no-fault insurance.

Answer: <https://biology-forums.com/index.php?topic=505605>

Question 205

Which one of the following statements is false?

- A) Employers are required to provide each employee an annual report of his or her federal tax withholdings.
- B) If your income is not subject to withholding you must pay estimated taxes.
- C) The IRS must pay interest on excess withholding of federal income taxes.
- D) Employers are required to provide each employee an annual report of his or her wages.

Answer: <https://biology-forums.com/index.php?topic=502296>

Question 206

Social Security provides both total disability benefits and partial disability benefits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505804>

Question 207

Health maintenance organizations typically provide few basic benefits and inadequate major medical coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505774>

Question 208

An investment's required rate of return is

- A) the return you expect to receive in the upcoming period.
- B) the return required by government regulators.
- C) its long-run average return.
- D) the return it must earn to reward investors for undertaking its inherent risks.

Answer: <https://biology-forums.com/index.php?topic=505140>

Question 209

The holding period for calculating the short-term gain or loss on a stock is

- A) 6 months.
- B) 5 years.
- C) 1 year.
- D) 30 days.

Answer: <https://biology-forums.com/index.php?topic=505268>

Question 210

Visa and MasterCard credit is usually expensive credit if it is used as a form of permanent credit.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504696>

Question 211

Which of the following statements is not true of condominium housing?

- A) You will be assessed a monthly charge to pay for the upkeep of the common areas.
- B) You are responsible for the financing of your residential unit.
- C) A prospective buy must be approved by the condominium association.
- D) The term "condominium" does not refer to a particular type of housing unit such as a high rise apartment or an independent structure.

Answer: <https://biology-forums.com/index.php?topic=504867>

Question 212

One of the creators of the labeling theory is:

- a. Howard Becker
- b. Emile Durkheim
- c. Karl Marx
- d. Herbert Spencer

Answer: <https://biology-forums.com/index.php?topic=504563>

Question 213

An order for 1,850 shares of stock involves

- A) 18 round lots and one odd lot.
- B) one block lot and one odd lot.
- C) one block lot, 8 round lots, and one odd lot.
- D) one round lot and one odd lot.

Answer: <https://biology-forums.com/index.php?topic=505056>

Question 214

You take out a two-year loan at 10% interest compounded annually. Your total interest is \$21 per \$100 borrowed.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504717>

Question 215

The principle of diminishing marginal satisfaction means the more you consume, the less your total satisfaction.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502575>

Question 216

In a "living will" you transfer all of your assets to your heirs while you are still living.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505814>

Question 217

Flexible expenses are best understood as those expenses over which you have little or no control.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502210>

Question 218

Our higher order goals are reduced to consumption and savings goals for budgeting purposes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502234>

Question 219

Contractual claims would not include

- A) put options.
- B) warrants and rights.
- C) call options.
- D) investment trusts.

Answer: <https://biology-forums.com/index.php?topic=505023>

Question 220

The stock's price to earnings ratio divided by its growth rate is the stock's

- A) PEG ratio.
- B) beta.
- C) alpha.
- D) fundamental value.

Answer: <https://biology-forums.com/index.php?topic=505262>

Question 221

Hospital indemnity insurance pays you a set daily amount regardless of your actual expenses.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505758>

Question 222

The calculation of the APR should take into account both the points on the loan and the contract rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504968>

Question 223

Juvenile delinquency, in most states in the U.S., is youth crime that is committed by those who are under _____.

- a. 16 years of age
- b. 17 years of age
- c. 18 years of age
- d. 19 years of age

Answer: <https://biology-forums.com/index.php?topic=504585>

Question 224

The most important financial factor in determining whether it is better to rent or buy is the length of the holding period.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504951>

Question 225

When funds calculate their returns, they assume that all distributions

- A) are reinvested in shares of a market index fund.
- B) are reinvested in shares of the fund.
- C) are reinvested in shares of a money market fund.
- D) are withdrawn from the fund.

Answer: <https://biology-forums.com/index.php?topic=505429>

Question 226

If your home is in a Special Flood Hazard Area,

- A) flood protection is automatically provided under the basic homeowners' policy.
- B) you must purchase flood insurance before you can obtain a mortgage on the home.
- C) the government will provide free flood insurance.
- D) insurance companies are not allowed to sell you homeowners' insurance.

Answer: <https://biology-forums.com/index.php?topic=505592>

Question 227

The area of financial planning that deals with the distribution of your property during your life and at death is known as

- A) transactional planning.
- B) charitable planning.
- C) market planning.
- D) estate planning.

Answer: <https://biology-forums.com/index.php?topic=502559>

Question 228

A decrease in the market risk premium will lead to an increase in securities' required returns.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505206>

Question 229

Inheritance taxes are generally structured so that

- A) the tax rate is based upon recipient's wealth.
- B) more distant relatives must pay a higher tax rate.
- C) all beneficiaries pay the same tax rate.
- D) more distant relatives pay a lower tax rate.

Answer: <https://biology-forums.com/index.php?topic=502338>

Question 230

The waiting period for health care insurance is the period between

- A) when you pay your first premium and your plan coverage begins.
- B) when you apply for membership and when you are admitted into the plan.
- C) when you incur a medical expense and you receive reimbursement for the expense.
- D) when you enter an insurance plan and when the costs of a pre-existing illness are covered.

Answer: <https://biology-forums.com/index.php?topic=505703>

Question 231

State and local income taxes are itemized deductions against federal gross income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502356>

Question 232

The Mark IV Fund had a rate of return of 21% last year. If its beta weight was +1.5 and if the return on the overall market was 12%, its risk adjusted rate of return, RAROR, is

- A) - 3.0%.
- B) +23.0%.
- C) +19.5%.
- D) + 2.0%.

Answer: <https://biology-forums.com/index.php?topic=505427>

Question 233

Given an identical contract rate, which of the following methods for determining finance charges provides the smallest monthly payment on an installment loan?

- A) Discount method
- B) Add-on method
- C) Simple interest method
- D) The monthly payment is the same under all three methods listed above.

Answer: <https://biology-forums.com/index.php?topic=504653>

Question 234

Series I bonds offer better tax advantages than Series EE bonds.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502551>

Question 235

The PEG ratio is calculated by dividing the book value per share by its estimated growth in sales.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505357>

Question 236

A trust is an arrangement whereby the right to property is held by one party for the benefit of another.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505995>

Question 237

Savings is defined as

- A) current consumption minus current debt.
- B) the portion of income not spent on current consumption.
- C) accumulated wealth.
- D) cash balances in savings accounts.

Answer: <https://biology-forums.com/index.php?topic=502057>

Question 238

Additional points on a home mortgage will

- A) lower the APR.
- B) decrease the required down payment on the home.
- C) lower the required earnest money.
- D) move interest payments to the front of the mortgage.

Answer: <https://biology-forums.com/index.php?topic=504904>

Question 239

_____ was one of the creators of the structural/functionalist theoretical perspective.

- a. Karl Marx
- b. Howard Becker
- c. Max Weber
- d. Emile Durkheim

Answer: <https://biology-forums.com/index.php?topic=504532>

Question 240

Fixed-rate mortgages usually have

- A) a balloon payment when the mortgage matures.
- B) a level interest rate, but the monthly payment typically varies as credit conditions warrant.
- C) monthly payments that are relatively large in the early years, but decline as the principal on the loan is reduced.
- D) level monthly payments over the life of the loan.

Answer: <https://biology-forums.com/index.php?topic=504910>

Question 241

Which of the following statements concerning the Medicare Prescription Drug Card is false?

- A) Coverage may be obtained through a Medicare Advantage program.
- B) Coverage may be obtained through stand-alone prescription drug plans.
- C) It is subsidized by the federal government.
- D) The card eliminates all deductibles on prescriptions.

Answer: <https://biology-forums.com/index.php?topic=505732>

Question 242

A zero coupon bond

- A) are a poor choice for retirement funds.
- B) sells at face value.
- C) pays no annual interest.
- D) depreciates in value as it matures.

Answer: <https://biology-forums.com/index.php?topic=505280>

Question 243

Emile Durkheim's discussion of stigma is a very important interactionist contribution to the understanding of deviance.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504605>

Question 244

If you owe the lending institution more at the end of the year than you did at the beginning of the year, you have negative amortization.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504988>

Question 245

Living benefits insurance

- A) is usually available only on term insurance policies.
- B) pays benefits only to insured who are over 65 years of age.
- C) will not pay out benefits to individuals confined to nursing homes.
- D) provides benefits to insureds who are terminally ill or cannot care for themselves.

Answer: <https://biology-forums.com/index.php?topic=505852>

Question 246

An inflation-indexed Treasury bond is adjusted for inflation through changes in its redemption value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505379>

Question 247

In constructing portfolios, investors are advised to consider intangible assets but ignore tangible assets.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505514>

Question 248

An example of a current return is:

- A) the price appreciation of a common stock.
- B) the sale of a common stock at a profit.
- C) a quarterly dividend received from a common stock.

D) the sale of a common stock at a loss.

Answer: <https://biology-forums.com/index.php?topic=505009>

Question 249

Lending institutions typically attempt to foreclose on a mortgage whenever a borrower falls behind in payments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505002>

Question 250

Tangible assets are often viewed as a protection against inflation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505077>

Question 251

The total return from a common stock, such as IBM, consists of interest and dividends.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505078>

Question 252

In the future, the government is likely to play a greater role in providing retirement benefits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502570>

Question 253

A REIT's equity per share is

- A) a value measurement similar to the NAV of a mutual fund.
- B) its market value per share.
- C) the initial amount of money per share invested in it.
- D) the amount it has invested in property per share.

Answer: <https://biology-forums.com/index.php?topic=505442>

Question 254

Which of the following statements concerning Medigap insurance is false?

- A) Federal and state permission to sell Medigap policies does not indicate that the policies may be reasonably priced.
- B) Medigap insurance is purchased from the federal government.
- C) All companies that sell Medigap insurance must sell at least a basic policy that addresses several gaps in Medicare insurance.
- D) If you purchase a Medigap policy upon turning age 65, you cannot be turned down or charged extra because of your health status or medical condition.

Answer: <https://biology-forums.com/index.php?topic=505730>

Question 255

Under the two-cycle average daily balance method for computing interest,

- A) consumers who have a permanent unpaid balance will pay more interest than under the one-cycle daily balance method.
- B) there is a two-month grace period before any interest is owed on the unpaid balance.
- C) a grace period applied in a previous month is eliminated if you fail to completely pay off the balance in the present month.
- D) you will always pay more interest than under the one-cycle daily balance method.

Answer: <https://biology-forums.com/index.php?topic=504628>

Question 256

HMOs tend to charge lower premiums than traditional service-benefit coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505772>

Question 257

If you follow a variable ratio plan, it is assumed that you

- A) are trying to offset capital gains with capital losses.
- B) are engaging in a form of market timing.
- C) are planning for your future retirement.
- D) cannot forecast future asset values.

Answer: <https://biology-forums.com/index.php?topic=505453>

Question 258

Which of the following statements concerning flood insurance is false?

- A) If you are in a Special Flood Hazard Area you will only be extended a mortgage if you have flood insurance.
- B) Flood insurance is subsidized by the federal government.
- C) You need to contact a private insurer to purchase federal flood insurance.
- D) You can only purchase flood insurance if you are in a Special Flood Hazard Area.

Answer: <https://biology-forums.com/index.php?topic=505593>

Question 259

Which one of the following statements concerning homeowners' insurance is false?

- A) Increasing your deductible is generally a beneficial method for reducing your insurance premiums.
- B) There are generally policy limits on specific contents like silverware and jewelry.
- C) Homeowners' insurance generally covers additional living expenses if your home is uninhabitable due to a covered loss.
- D) Your property away from home is generally not covered under your homeowners' policy.

Answer: <https://biology-forums.com/index.php?topic=505571>

Question 260

To calculate the current yield of a preferred stock, simply divide its annual dividend by its current market price.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505403>

Question 261

Unfunded estate liquidity may exist at death if

- A) your survivors have insufficient cash to pay immediate death related expenses.
- B) you have a life insurance protection gap.
- C) you need to plan for the retirement need of your survivors.
- D) you do not have the correct type of life insurance.

Answer: <https://biology-forums.com/index.php?topic=505829>

Question 262

A blue chip stock refers to a small company with excellent growth prospects.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505337>

Question 263

Aggressive investors without high-priority future goals are likely to prefer Treasury Strips.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505515>

Question 264

Liability insurance protects you from

- A) property loss due to all causes.
- B) natural catastrophes.
- C) harm others cause you.
- D) the harm your negligence causes others.

Answer: <https://biology-forums.com/index.php?topic=505577>

Question 265

Life-cycle financial planning is defined as the tools and techniques of building an estate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502585>

Question 266

"Policy adjustment" is another term for secret warranty.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504847>

Question 267

Homeowners' insurance is actually a package of policies covering you and your family from multiple perils.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505639>

Question 268

Inflation decreases the purchasing power of money.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502126>

Question 269

The amount of damages you agree to pay for, if you file an insurance claim is known as a(n)

- A) deductible.
- B) collectable.
- C) apportionment.
- D) copayment.

Answer: <https://biology-forums.com/index.php?topic=505561>

Question 270

When calculating their tax liability, renters may deduct property taxes paid by the landlord.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504945>

Question 271

The home appraisal conducted by the mortgage lender is primarily meant to

- A) provide the basis for future property tax assessments.
- B) ensure the lender that upon foreclosure it can resell the home for more than the outstanding balance on the mortgage.
- C) ensure the government that price discrimination does not occur in the housing market.
- D) ensure the buyer is not paying more than the market value for the home.

Answer: <https://biology-forums.com/index.php?topic=504881>

Question 272

Which of the following is not usually associated with a revolving credit account?

- A) A monthly minimum payment
- B) A credit card
- C) A set monthly payment
- D) A credit limit

Answer: <https://biology-forums.com/index.php?topic=504624>

Question 273

Lenny, who lives in New York City, deposited in his checking account a certified check from his mother, who also lives in New York City. The bank must make the funds available

- A) two days after the deposit day.
- B) immediately.
- C) after the check clears the Federal Reserve System.
- D) on the next business day.

Answer: <https://biology-forums.com/index.php?topic=502424>

Question 274

ABC stock expects to earn \$3.00 a share next year and pay a cash dividend of \$2.00 a share. If the stock is selling for \$20.00 a share, its current return is

- A) 25%.
- B) 15%.
- C) 10%.
- D) 5%.

Answer: <https://biology-forums.com/index.php?topic=505245>

Question 275

The primary purpose of umbrella coverage is to insure the home from damages due to falling objects.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505656>

Question 276

A U.S. Series EE savings bond offers reasonably high rates and good liquidity.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502519>

Question 277

The preferred strategy for holding down the cost of disability income protection is to choose

- A) a policy with an A+ rating.
- B) a shorter benefit period.
- C) a less inclusive definition of disability.
- D) a longer elimination period.

Answer: <https://biology-forums.com/index.php?topic=505744>

Question 278

Monica Bates received a check and endorsed it by simply signing her name on the reverse side of the check. This is called

- A) a restrictive endorsement.
- B) a blank endorsement.
- C) a special endorsement.
- D) a deposit endorsement.

Answer: <https://biology-forums.com/index.php?topic=502414>

Question 279

On a fixed rate mortgage,

- A) the contract rate and the monthly mortgage payment remain constant over the term of the loan.
- B) the contract rate and the monthly interest payment remain constant over the term of the loan.
- C) the contract rate and the monthly repayment of principal remain constant over the term of the loan.
- D) the contract rate, the monthly mortgage payment, the monthly interest payment, and the repayment of principal remain constant over the term of the loan.

Answer: <https://biology-forums.com/index.php?topic=504909>

Question 280

A trust specified in the will and taking effect at death is known as an inter vivos trust.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505998>

Question 281

Homeowners' insurance only covers owners of homes. It does not cover renters.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505651>

Question 282

Generally, you can invest in higher-return assets for goals that are further out in the future.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502128>

Question 283

Universal life has an explicit term insurance component and an explicit savings component.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505951>

Question 284

Which item below is a nontaxable exclusion from gross income?

- A) Interest on U.S. Series EE bonds
- B) Municipal bond interest
- C) Alimony received
- D) Bingo winnings

Answer: <https://biology-forums.com/index.php?topic=502253>

Question 285

A feature of our current tax system is that all income is taxed uniformly.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502583>

Question 286

The Jerry Fund, which trades on the New York Stock Exchange, has a NAV of \$20 and a market price of \$22. We know, then, the fund is

- A) open end with a rear-end load.
- B) closed end, selling at a discount.
- C) closed end, selling at a premium.
- D) open end with a front-end load.

Answer: <https://biology-forums.com/index.php?topic=505414>

Question 287

Most whole life insurance permits the insured to borrow against the policy's cash value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505925>

Question 288

Through the use of a medical directive, you can indicate the type of life support you are willing to receive when you are no longer able to speak for yourself.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505815>

Question 289

The first step in goal planning is setting up a budget.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502115>

Question 290

Negative amortization reduces the outstanding loan balance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504987>

Question 291

Standard formats exist for

- A) both homeowners' and auto policies.
- B) auto policies but not homeowners' policies.
- C) neither homeowners' nor auto policies.
- D) homeowners' policies, but not auto policies.

Answer: <https://biology-forums.com/index.php?topic=505591>

Question 292

The cost of owning an automobile is a sunk cost.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504831>

Question 293

Federal rules governing the continuation of health care insurance after termination of employment

- A) cover both the terminated employee and dependents.
- B) cover only the terminated employee.
- C) cover only the terminated employee's dependents.
- D) have been ruled unconstitutional by the Supreme Court.

Answer: <https://biology-forums.com/index.php?topic=505720>

Question 294

Which method of determining interest provides the largest interest amount?

- A) LIFO
- B) Minimum balance
- C) FIFO
- D) Day-of-deposit-day-of-withdrawal

Answer: <https://biology-forums.com/index.php?topic=502434>

Question 295

State and local government taxes vary considerably from one area to another in the United States.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502393>

Question 296

A "full" warranty means the warranty covers the product for its full service life.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504818>

Question 297

A U.S. Treasury Strip is

- A) a Treasury bond with no maturity.
- B) a defaulted Treasury bond.
- C) a zero coupon bond created from Treasury securities.
- D) an agency bond stripped of its prepayment obligations.

Answer: <https://biology-forums.com/index.php?topic=505293>

Question 298

An increase in a security's random risk should lead to an increase in its beta value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505203>

Question 299

Which of the following is not a home equity scam?

- A) Equity stripping
- B) Bait and switch
- C) Red lining
- D) Loan flipping

Answer: <https://biology-forums.com/index.php?topic=504661>

Question 300

All risks insurance provides better protection than named perils insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505634>

Question 301

Inflation influences real income but not real net worth .

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502219>

Question 302

A listing agreement is a contract between the seller and the real estate agent.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504956>

Question 303

With a 10% discount rate, the present value factor of \$1 received 10 years from now is 0.386. The present value of a \$1 annuity factor for 10 years is 6.145. Given these values, the present value of a \$1,000 (par), 10-year corporate bond with a 12% coupon rate is

- A) \$1,000.50
- B) \$1,586.00.
- C) \$1,123.40.
- D) \$6,191.32.

Answer: <https://biology-forums.com/index.php?topic=505311>

Question 304

"Comprehensive" health care insurance

- A) is sold only through group plans.
- B) includes both basic health insurance and major medical insurance.
- C) covers all health care costs with no deductibles or copayments.
- D) covers the entire family.

Answer: <https://biology-forums.com/index.php?topic=505684>

Question 305

On adjustable-rate loans, the contract rate may move up but not down.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504981>

Question 306

SIPC insures the delivery of shares but does not insure their market value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505095>

Question 307

The subrogation clause generally excludes damages from theft.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505642>

Question 308

An emergency reserve is held for transactions purposes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502443>

Question 309

If you tell your broker to buy securities at the best possible price, you have placed a

- A) price order.
- B) stop-loss order.
- C) limit order.
- D) market order.

Answer: <https://biology-forums.com/index.php?topic=505068>

Question 310

Many mutual funds operate without clearly-defined investment objectives.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505470>

Question 311

A refund anticipation loan is associated with

- A) an automatic extension for late filing.
- B) an unsuccessful IRS audit.
- C) a tax refund in excess of \$10,000.
- D) electronic tax filing.

Answer: <https://biology-forums.com/index.php?topic=502312>

Question 312

Which of the following is an example of "pure risk"?

- A) The risk associated with holding a portfolio of stocks and bonds
- B) The risk associated with a change in careers
- C) The risk associated with fire and theft
- D) The risk associated with a bet on a horse race

Answer: <https://biology-forums.com/index.php?topic=505529>

Question 313

Michael had a \$4,000 loss on the sale of his car. He

- A) can deduct the entire \$4,000 loss in the year of the sale.
- B) cannot deduct the capital loss on this personal use asset.
- C) can deduct \$3,000 in the year of the sale and the remaining loss in a subsequent tax year.
- D) can only deduct up to \$3,000 of the loss in the initial year of the sale.

Answer: <https://biology-forums.com/index.php?topic=502299>

Question 314

This is an example of:

- a. The strain theory
- b. The labeling theory
- c. The differential association theory
- d. None of the above

Answer: <https://biology-forums.com/index.php?topic=504612>

Question 315

Bond prices are inversely related to interest rates.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505397>

Question 316

The basic difference between Older Home Form HO-8 and other homeowners' policies is that

- A) the home is insured at replacement cost instead of market value.
- B) the contents of the home are insured at replacement cost instead of at market value.
- C) the home is insured at actual cash value instead of replacement cost.
- D) the contents of the home are insured at market value instead of replacement cost.

Answer: <https://biology-forums.com/index.php?topic=505579>

Question 317

When a retailer reduces your credit limit because of an anticipated charge, this is known as

- A) a graduated payment.
- B) a chargeback.
- C) a refund credit.
- D) credit blocking.

Answer: <https://biology-forums.com/index.php?topic=504639>

Question 318

The maintenance margin requirement is greater than the initial margin requirement.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505111>

Question 319

Burglary and motor vehicle theft are types of _____.

- a. Violent crimes
- b. Organized crimes
- c. White-collar crimes
- d. Property crimes

Answer: <https://biology-forums.com/index.php?topic=504573>

Question 320

If your disability insurance policy is "class cancelable," then

- A) the company may cancel only a few high risk individual policies, but not the entire class of insureds.
- B) the company can cancel an individual policy only if it cancels an entire class of insureds. The class need not consist of all policies written by the company.
- C) the company may cancel any individual policy within the current group of insureds.
- D) the company can cancel an individual policy only if it cancels all policies written by the company.

Answer: <https://biology-forums.com/index.php?topic=505748>

Question 321

Employer-provided flexible spending accounts are typically used to pay for health insurance deductibles and co-insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505779>

Question 322

The future value of a \$500 ordinary annuity received for three years is \$ _____, assuming an investment rate of 10%:

- A) 665.50
- B) 335.65
- C) 1,820.50
- D) 1,655.00

Answer: <https://biology-forums.com/index.php?topic=502081>

Question 323

As a condominium owner, you get to vote for the directors of the condominium association.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504939>

Question 324

In which of the following forms of ownership does the property pass to the co-owner at death?

- A) joint tenancy
- B) community property
- C) tenancy in common
- D) public property

Answer: <https://biology-forums.com/index.php?topic=505908>

Question 325

Innovators, as part of the strain theory, reject both cultural goals and the traditional routes to their attainment.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504597>

Question 326

According to your text, deviance is:

- a. Always an evil act
- b. Any action, belief or human characteristics that members of a society or social group consider a violation of group norms
- c. Universally the same in every society
- d. All of the above

Answer: <https://biology-forums.com/index.php?topic=504525>

Question 327

A stock has a beta value of 1.5. If the risk-free rate is 6% and the market risk premium is 8%, the stock's required return is 21%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505346>

Question 328

Which of the following statements is TRUE in regards to crime statistics?

- a. Crime statistics are often difficult to collect and often quite inaccurate.
- b. Crime statistics are usually very accurate and very easy to collect.
- c. The Uniform Crime Reports are compiled by the Justice Bureau.
- d. There are never any errors in local police reports.

Answer: <https://biology-forums.com/index.php?topic=504581>

Question 329

Auto loan payments are an example of an inflexible expense.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502213>

Question 330

Asset values on the balance sheet should reflect their acquisition costs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502189>

Question 331

All things considered, investors with limited resources should

- A) buy corporate bonds through pooling arrangements.
- B) borrow money to buy corporate bonds in sufficiently-large quantities.
- C) buy corporate bonds in the open market to save transaction costs.
- D) not invest in corporate bonds.

Answer: <https://biology-forums.com/index.php?topic=505288>

Question 332

The master budget worksheet shows

- A) a reconciliation of this year's budget to last year's balance sheet.
- B) month-to-month budget variances.
- C) forecasted income and expenses for the budget year.
- D) all balance sheet and income statement accounts that relate to the annual budget.

Answer: <https://biology-forums.com/index.php?topic=502171>

Question 333

Which of the following statements concerning convertible bonds is true?

- A) Convertible bonds can be exchanged for stock at the discretion of the lender.
- B) Convertible bonds are the same as conventional bonds.
- C) Convertible bonds are more risky than conventional bonds.
- D) Convertible bonds can be redeemed for cash at the discretion of the lender.

Answer: <https://biology-forums.com/index.php?topic=505287>

Question 334

"Lemon protection" means that under certain circumstances consumers may return a product and get their money back.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504813>

Question 335

The coinsurance provision in the homeowners' policy generally

- A) requires the homeowner to pay part of the replacement cost when the dwelling unit is insured for less than 80% of its replacement value.
- B) indicates the dollar deductible on each damage claim.
- C) sets limits on the amount one insurance company will pay when there is more than one policy in effect.
- D) prohibits homeowners from having more than one policy in effect at a given time.

Answer: <https://biology-forums.com/index.php?topic=505556>

Question 336

Which of the following would not be a good reason for itemizing deductions rather than take the standard deduction?

- A) Extraordinary hospital bills
- B) Substantial mortgage interest
- C) Huge property taxes
- D) Considerable IRA contributions

Answer: <https://biology-forums.com/index.php?topic=502272>

Question 337

Money market mutual funds are best described as institutions that

- A) pool resources of many investors to purchase liquid and high-yielding securities.
- B) are established by banks and other financial institutions to help depositors manage their liquid assets.
- C) issued by the Treasury, commercial banks, and other corporations.
- D) combine short-term securities with long-term securities.
- E) invest only in MMDAs.

Answer: <https://biology-forums.com/index.php?topic=502408>

Question 338

Property and wealth transferred at death is known as the

- A) probate estate.
- B) funded estate.
- C) death estate.
- D) remainder.

Answer: <https://biology-forums.com/index.php?topic=505888>

Question 339

A discount on a closed-end fund can increase its investment return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505468>

Question 340

If your disability coverage includes a social insurance substitute, then

- A) your disability benefits will be automatically adjusted for changes in the cost of living.
- B) you may receive either private or public benefits but not both.
- C) your private benefits will be greater if you do not qualify for Social Security disability benefits.
- D) cost of living increases in your Social Security benefits are offset by a reduction in your private benefits.

Answer: <https://biology-forums.com/index.php?topic=505747>

Question 341

Compounding is the process of increasing present value to future values.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502093>

Question 342

Yahoo! Finance is

- A) a television station dedicated to financial news reporting.
- B) an Internet site that provides financial information.
- C) the student edition of the Wall Street Journal.
- D) a feature on the PBS program, The Nightly News.

Answer: <https://biology-forums.com/index.php?topic=505076>

Question 343

A secondary beneficiary is a contingent beneficiary.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505931>

Question 344

Investment risk can be broken down into random risk and market risk. By diversifying, an investor can eliminate

- A) a portion, but not all, of each.
- B) only market risk.
- C) both random risk and market risk.
- D) only random risk.

Answer: <https://biology-forums.com/index.php?topic=505153>

Question 345

Assuming certain conditions are met, a single person may exclude up to \$250,000 of the capital gain on the sale of your personal residence.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502375>

Question 346

The conversion fee on a convertible mortgage is typically less than the cost of refinancing a home mortgage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504989>

Question 347

Inflation rates during the period 2000 - 2007 were generally under 5%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502579>

Question 348

The first number in a split liability limit indicates the maximum amount that will be paid out for bodily injury to a single person.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505664>

Question 349

A bond pays semiannual interest of \$40.00; thus, its coupon rate is

- A) 8.16%.
- B) 4.08%.
- C) 4.00%.
- D) 8.00%.

Answer: <https://biology-forums.com/index.php?topic=505278>

Question 350

Current liabilities are defined as past-due debt obligations.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502199>

Question 351

Common stocks are good examples of liquid assets.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502192>

Question 352

All other things equal, analysts prefer companies with PEG ratios that

- A) match or exceed the companies' book values.
- B) are low.
- C) match or exceed the companies' earnings growth rates.
- D) are high.

Answer: <https://biology-forums.com/index.php?topic=505263>

Question 353

You usually open a regular charge account as a shopping convenience.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504693>

Question 354

If the risk-free rate of return increases, required returns on all other securities should increase as well.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505205>

Question 355

The 1986 Tax Reform Act

- A) eliminated many tax advantages previously associated with limited partnerships.
- B) increased the appeal of real estate limited partnerships.
- C) required that all limited partnerships become public syndicates.
- D) made real estate limited partnerships illegal.

Answer: <https://biology-forums.com/index.php?topic=505445>

Question 356

Conflict-critical theorists point out that often times the elite, when it comes to deviant and criminal behavior:

- a. Have a great ability to commit deviant acts and escape penalties
- b. Often receive harsher punishment than the masses
- c. Have to pay steeper fines in the court system
- d. Have negative stigmas that they are unable to resolve

Answer: <https://biology-forums.com/index.php?topic=504546>

Question 357

An overdraft and "bounced check" mean the same thing.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502528>

Question 358

Which item below is an example of tax-advantaged income?

- A) \$200 of municipal bond interest
- B) Interest on corporate bonds
- C) Interest on certificates of deposit
- D) \$1,000 of short-term capital gains

Answer: <https://biology-forums.com/index.php?topic=502321>

Question 359

The estate tax exemption is scheduled to increase until year 2010.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502394>

Question 360

Moody's rates bonds with respect to price risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505393>

Question 361

On its issuance date, which Treasury security has a maturity of 2 to 10 years?

- A) Notes
- B) Mortgages
- C) Bonds
- D) Bills

Answer: <https://biology-forums.com/index.php?topic=505290>

Question 362

Which item below is usually not a characteristic of a limited partnership?

- A) Partnership interests may be difficult to sell.
- B) They have limited investment appeal.
- C) Loss-limitation rules of the tax code do not apply to them.
- D) They have poor liquidity.

Answer: <https://biology-forums.com/index.php?topic=505444>

Question 363

John is at a fraternity party and drinks excessively for the first time in his life. This is an example of:

- a. Secondary deviance
- b. Primary deviance
- c. Tertiary deviance
- d. Solitary deviance

Answer: <https://biology-forums.com/index.php?topic=504566>

Question 364

Most analysts prefer to use future EPS, rather than past EPS, in valuing a stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505353>

Question 365

You have just put \$500 in an investment that offers an 8% annual yield, with interest compounded annually. Your total interest earned after two years will be

- A) \$83.20.

- B) \$80.00.
- C) \$40.00.
- D) \$44.60.

Answer: <https://biology-forums.com/index.php?topic=502067>

Question 366

An argument against using credit is that it tends to smooth out consumption over the life cycle.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504680>

Question 367

Which of the following is an example of an inflexible expense?

- A) Newspapers and magazines
- B) Mortgage payments
- C) Home maintenance
- D) Entertainment

Answer: <https://biology-forums.com/index.php?topic=502153>

Question 368

Fixed rate mortgage typically have a

- A) higher initial interest rate than comparable adjustable rate mortgages.
- B) identical initial interest rate to that on comparable adjustable rate mortgages.
- C) lower initial interest rate than comparable adjustable rate mortgages.
- D) an initial rate that may be above or below that on comparable adjustable rate mortgages.

Answer: <https://biology-forums.com/index.php?topic=504911>

Question 369

Uninsured motorists' coverage pays only for property damage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505665>

Question 370

The difference between a stock's closing price today and its closing price yesterday is listed in financial pages as the "net change."

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505341>

Question 371

Lenders may require escrow accounts to ensure that property taxes and insurance premiums are paid.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504966>

Question 372

Which of the following is not a relevant cost in the lease-buy decision?

- A) Capitalized cost reduction
- B) Disposition charge
- C) Gasoline consumption
- D) Excess mileage charge

Answer: <https://biology-forums.com/index.php?topic=504796>

Question 373

A periodic share repurchase plan is a form of

- A) stock dividend.
- B) stock split.
- C) refinancing plan.
- D) cash distribution to shareholders.

Answer: <https://biology-forums.com/index.php?topic=505229>

Question 374

About what percent of the work force is likely to have a Social Security insured disability before reaching age 65?

- A) 40 - 50%
- B) 60 - 70%
- C) 80 - 90%
- D) 20 - 25%

Answer: <https://biology-forums.com/index.php?topic=505734>

Question 375

Best's Review rates the financial stability of insurance companies.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505965>

Question 376

Medical payments coverage under the homeowners' and auto policy is meant to cover

- A) catastrophic medical payments for extended treatment regardless of who is at fault.
- B) small payments for immediate treatment regardless of who is at fault.
- C) catastrophic medical payments for extended treatment only if you are not at fault.
- D) small payments for immediate treatment only if you are not at fault.

Answer: <https://biology-forums.com/index.php?topic=505604>

Question 377

The rule of thumb for determining how much rent you can afford is that you should not spend more than a certain percentage of your after-tax income on rent and utilities. The appropriate percentage is

- A) 15%.
- B) 35%.
- C) 45%.
- D) 25%.

Answer: <https://biology-forums.com/index.php?topic=504861>

Question 378

Homeowners' insurance does not reimburse you for losses due to your own negligence.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505633>

Question 379

At 12% interest (compounded annually), \$20,000 invested today will grow to \$_____ in three years.

- A) 40,000
- B) 27,200
- C) 31,471
- D) 28,099

Answer: <https://biology-forums.com/index.php?topic=502068>

Question 380

Which of the following statements is false?

- A) Renter's personal property is not insured under the landlords insurance policy.
- B) Insurance companies share information on the claims experience of their insureds.
- C) Insurance companies cannot refuse to insure you because you have filed a number of small claims.
- D) A good credit score can lower your insurance premiums.

Answer: <https://biology-forums.com/index.php?topic=505596>

Question 381

If you are interested in getting a high current yield, you should buy

- A) cyclical stocks.
- B) growth stocks.

- C) special situations.
- D) income stocks.

Answer: <https://biology-forums.com/index.php?topic=505237>

Question 382

- A proxy allows shareholders
- A) to receive additional shares of stock in a stock dividend.
 - B) to register shares with their stockbrokers.
 - C) to elect corporate officers directly.
 - D) to assign their voting rights to others.

Answer: <https://biology-forums.com/index.php?topic=505220>

Question 383

Named perils insurance only covers perils named in the insurance policy.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505635>

Question 384

The more narrowly-defined a mutual fund's objective, the greater its risk, all other things considered.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505471>

Question 385

Based upon your credit report, the credit bureau will determine who may receive a credit card.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504690>

Question 386

- A warranty on the sale of an existing home typically
- A) covers all defects for a 10-year period.
 - B) has low or nonexistent deductibles.
 - C) is similar to an extended warranty on the home appliances.
 - D) covers the structural integrity of the home.

Answer: <https://biology-forums.com/index.php?topic=504908>

Question 387

A credit card that carries the name of a sponsoring organization is called a(n)

- A) trademark card.
- B) marketing card.
- C) affinity card.
- D) copyrighted card.

Answer: <https://biology-forums.com/index.php?topic=504630>

Question 388

John bought 100 shares of ABC stock at \$60 a share with a 50% initial margin requirement. If the maintenance margin requirement is 30%, John will get a margin call when the stock's price falls to \$30 a share.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505113>

Question 389

One of the biggest mistakes investors frequently make in managing their 401(k) retirement investments is being excessively conservative.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505524>

Question 390

The difference between a load fund and a no-load fund is that

- A) load funds invest in a variety of securities while no-load funds limit their investments to common stocks.
- B) load funds borrow money to increase their portfolio, while no-load funds do not.
- C) no-load funds can be purchased anywhere, but load funds must be purchased through a stockbroker.
- D) you buy no-load funds at their net asset values, but you pay more than net asset value when you buy load funds.

Answer: <https://biology-forums.com/index.php?topic=505408>

Question 391

Most homeowners do not have to pay a capital gains tax on the appreciation in the value of the home.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504949>

Question 392

The over-the-counter market functions through

- A) an organized exchange.
- B) NASDAQ.
- C) the tangible goods market.
- D) government auctions.

Answer: <https://biology-forums.com/index.php?topic=505040>

Question 393

The cash value and surrender value on a life insurance policy may differ because

- A) of interest returns on the cash value.
- B) of outstanding policy loans.
- C) the policy is owned by the beneficiary.
- D) of taxes.

Answer: <https://biology-forums.com/index.php?topic=505834>

Question 394

When compared to a risk averter, a risk seeker will accept identical risks for

- A) a larger additional return.
- B) similar current returns.
- C) no additional return.
- D) a smaller additional return

Answer: <https://biology-forums.com/index.php?topic=505012>

Question 395

True term insurance provides only death protection.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505934>

Question 396

A portfolio plan should

- A) consider the investor's goals and risk-tolerance level.
- B) specify general, rather than concrete, objectives.
- C) try to make the most possible money in the shortest possible time.
- D) seek to maximize the portfolio's value, regardless of risk.

Answer: <https://biology-forums.com/index.php?topic=505447>

Question 397

The premium on a life insurance policy is

- A) a reimbursement for previous overpayments.
- B) simply the periodic amount paid to the insurance company.
- C) a special service charge for monthly rather than annual payments.
- D) the amount paid out at death minus tax payments.

Answer: <https://biology-forums.com/index.php?topic=505843>

Question 398

The face amount for a particular life insurance policy is equal to

- A) the amount you would receive if you canceled the insurance policy.
- B) the amount of death protection without accidental death benefits or reduction for policy loans.
- C) the sum of all past premiums.
- D) the sum of all past premiums minus dividends paid.

Answer: <https://biology-forums.com/index.php?topic=505831>

Question 399

Stockholders have a preemptive right to retain proportionate ownership in the corporation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505328>

Question 400

The person named in the will to manage the death estate is known as the executor.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505972>

Question 401

Cumulative preferred stock is more desirable than non-cumulative preferred stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505400>

Question 402

Because it pays higher interest, a CD is considered more liquid than a passbook savings account.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502449>

Question 403

"Managed care" is the current term applied to service-benefit type coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505769>

Question 404

Property that has appreciated in value generally receives a stepped-up cost basis at death.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502397>

Question 405

Jan showed the following financial items at the ends of 2007 and 2008:

2007 2008
Checking account balance 1,300 1,200
Credit card balances due 700 500
Auto loan (\$900 due within one year) 2,700 3,600
Automobile 7,000 8,000
Jewelry 400 300
Stamp collection 1,200 1,000
Jan's net worth changed in 2008 by

- A) + \$800.
- B) + \$400.
- C) + \$100.

D) - \$700.

Answer: <https://biology-forums.com/index.php?topic=502156>

Question 406

Negative amortization results when

- A) the monthly interest payment on the home mortgage declines.
- B) the monthly mortgage payment is just equal to the monthly interest on the remaining loan balance.
- C) the remaining loan balance declines.
- D) the monthly mortgage payment is less than the monthly interest on the remaining loan balance.

Answer: <https://biology-forums.com/index.php?topic=504919>

Question 407

An endorsement may be used to extend both the risks covered and the policy limits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505655>

Question 408

A cash management strategy does not involve which of the following activities?

- A) Balancing your desires for safety, liquidity, and yield
- B) Deciding to your satisfaction what future interest rates will be
- C) Obtaining information about alternative deposit accounts
- D) Keeping as little cash as possible

Answer: <https://biology-forums.com/index.php?topic=502436>

Question 409

A title search is conducted

- A) before the offer to purchase.
- B) before the closing but after the offer to purchase.
- C) after the closing.
- D) at the closing.

Answer: <https://biology-forums.com/index.php?topic=504898>

Question 410

As your consumption increases during a period of time, the satisfaction you enjoy from it usually increases at an even greater rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502574>

Question 411

A round lot is

- A) 10 shares.
- B) 100 shares.
- C) 1,000 shares.
- D) an even number group of shares.

Answer: <https://biology-forums.com/index.php?topic=505057>

Question 412

A student loan consolidation is a method for dealing with delinquent student borrowers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504737>

Question 413

An opportunity cost of buying a home is interest paid on the mortgage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502595>

Question 414

A payment cap can result in negative amortization.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504986>

Question 415

Examples of a mortgage-backed and student-loan backed bonds are

- A) Ginnie Mae and Betsy Ann.
- B) Ginnie Mae and Sallie Mae.
- C) Betsy Ann and Sallie Mae.
- D) All are examples.

Answer: <https://biology-forums.com/index.php?topic=505297>

Question 416

Which of the following statements concerning a personal articles floater is false?

- A) Personal articles floaters typically cover all risks with no deductible.
- B) A personal articles floater covers both scheduled and unscheduled property.
- C) Personal articles floaters extend the dollar coverage on personal property beyond the limits set in the basic policy.
- D) A personal articles floater may take the form of either a separate policy or an endorsement to the original policy.

Answer: <https://biology-forums.com/index.php?topic=505586>

Question 417

Funds borrowed on a life insurance policy are shown on the balance sheet as

- A) a noncurrent liability.
- B) an offset to net worth.
- C) a current liability.
- D) an offset to the value of the stock.

Answer: <https://biology-forums.com/index.php?topic=502142>

Question 418

A grace period on revolving charge accounts

- A) can eliminate all interest charges if the loan balance is fully paid each month.
- B) is required under the Fair Credit Reporting Act.
- C) is equal to the time between when an installment payment is missed and the remaining balance on the loan becomes due.
- D) is usually equal to two billing periods.

Answer: <https://biology-forums.com/index.php?topic=504629>

Question 419

Limited payment life typically terminates coverage at age 65.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505944>

Question 420

There are both fee-based and commission-based financial planners.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502603>

Question 421

One advantage in dealing with full-service brokers is they often have inside information about a company.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505102>

Question 422

Over the period 2000 through 2006, the average annual return on Treasury bills was about 3%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505186>

Question 423

All things the same, achieving financial goals helps us to achieve non-financial goals.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502577>

Question 424

Personal liability coverage

- A) protects you only from financial damages for the property loss your negligence has caused others.
- B) protects you only from financial damages for the bodily injury your negligence has caused others.
- C) protects you against the financial harm caused by the negligence of others.
- D) protects you against legally-obligated expenses for the bodily injury or property damage your negligence has caused others.

Answer: <https://biology-forums.com/index.php?topic=505525>

Question 425

The Dow Jones Industrial Average is a widely-watched price index of 30 stocks.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505131>

Question 426

A long position is described as one

- A) where you borrowed money to buy the securities.
- B) where you buy, and then own securities.
- C) where you have accumulated considerable investment gains.
- D) where you have held the same securities for many years.

Answer: <https://biology-forums.com/index.php?topic=505065>

Question 427

The text recommends that you keep the original copy of your will in a safe deposit box.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505989>

Question 428

If the listing agreement indicates the real estate agent has an "exclusive right to sell", then

- A) the real estate agent need only provide the seller a predetermined amount of money. The agent receive the difference between the sale price and the amount promised the seller.
- B) the real estate agent receives a commission only if he or she discovers a buyer.
- C) the agent earns a commission only if the property is sold through a real estate agency.
- D) the agent earns a commission regardless of who sells the property.

Answer: <https://biology-forums.com/index.php?topic=504887>

Question 429

A cash management strategy attempts to earn the most interest in choosing liquid deposits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502545>

Question 430

Federal Housing Administration (FHA) insurance protects

- A) the bank against defective title.
- B) you against defective title.
- C) the lender against loss on the mortgage.
- D) the borrower against foreclosure on the mortgage.

Answer: <https://biology-forums.com/index.php?topic=504931>

Question 431

"Investor's Business Daily" is a radio show focusing on investment news.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505130>

Question 432

The text discusses the topic of compounding over a large number of compounding periods. To illustrate, it shows that \$1,000 invested at 8% for 40 years (annual compounding) grows to \$21,724. But if you could earn 10% instead of 8%, you would earn _____ more at the end of 40 years.

- A) \$4,431
- B) \$23,535
- C) 25 percent
- D) \$1,250

Answer: <https://biology-forums.com/index.php?topic=502071>

Question 433

Early payment on a mortgage can result in a prepayment penalty.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504994>

Question 434

Which one of the following would not be included in closing costs?

- A) Recording fees
- B) Earnest money
- C) Points
- D) Broker's commission
- E) Title charges

Answer: <https://biology-forums.com/index.php?topic=504900>

Question 435

The creator of the social control theory is _____.

- a. Karl Marx
- b. Emile Durkheim
- c. Travis Hirschi
- d. Max Weber

Answer: <https://biology-forums.com/index.php?topic=504539>

Question 436

A Certificate of Title is legal evidence of your ownership in the motor vehicle.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504833>

Question 437

When someone commits murder they go to jail and when someone walks around nude they receive strange looks. These are both examples of how societies use _____ to enforce conformity.

- a. Social control
- b. Social agents
- c. Group action
- d. Moral panic

Answer: <https://biology-forums.com/index.php?topic=504540>

Question 438

Which of the following illustrates the principle of diminishing marginal satisfaction?

- A) Higher financial returns require larger risks.
- B) The second slice of pizza does not taste as good as the first slice.

- C) Things were better in previous years.
D) The more I have, the more I want.

Answer: <https://biology-forums.com/index.php?topic=502054>

Question 439

If you want to bet against upward movement in the stock market you probably want to take a short position.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505119>

Question 440

The standard deduction for each spouse filing separately is the same as for a single filer.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=502359>

Question 441

John is a sociologist who is going to study criminal behavior in gangs. He is going to focus on how each of the gang members defines their behaviors and how they interact with each other. John is using _____ theories as the basis for his study.

- a. Constructionist
b. Strain
c. Explanatory
d. Collective

Answer: <https://biology-forums.com/index.php?topic=504531>

Question 442

Stocks that are highly sensitive to changing economic conditions are known as

- A) blue chip stocks.
B) income stocks.
C) cyclical stocks.
D) growth stocks.

Answer: <https://biology-forums.com/index.php?topic=505240>

Question 443

The probability of a disabling injury or illness is much greater than the probability of death.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505798>

Question 444

A corporate bond pays interest semiannually.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505369>

Question 445

Medicare is a federal-state effort to supply medical care to the indigent.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505785>

Question 446

If ACR's expected total return is 25% and its required rate of return is 20%, its alpha is

- A) + 5%.
B) +45%.
C) -45%.
D) - 5%.

Answer: <https://biology-forums.com/index.php?topic=505252>

Question 447

Which of the following statements concerning callable bonds is false?

- A) They can be redeemed at the borrower's discretion.
- B) The redemption is usually at a price above face value.
- C) Callable bonds may be redeemed before maturity.
- D) Callable bonds give corporations greater flexibility in financing.

Answer: <https://biology-forums.com/index.php?topic=505286>

Question 448

If take-home pay is \$10,000 and debt service charges are \$4,000, the debt service coverage ratio is 0.40.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502226>

Question 449

Although all goals (financial and non-financial) are important, only financial goals form the basis for financial planning.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502572>

Question 450

Taxpayers should claim itemized deductions only if

- A) they are also claiming a standard deduction.
- B) itemized deductions exceed the standard deduction.
- C) itemized deductions exceed tax credits.
- D) they use the tax rate tables to calculate their taxes.

Answer: <https://biology-forums.com/index.php?topic=502275>

Question 451

A "spider" is an example of a broad market exchange-traded fund.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505498>

Question 452

To minimize legal problems in the event a spousal death, many people open their checking accounts as tenants in common.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502524>

Question 453

The coordination of benefits clause in disability policies typically

- A) sets a minimum on the disability benefits you may receive from all sources.
- B) coordinates benefits from health care and disability income insurance so as to provide you with more complete protection against illness and injury.
- C) sets a maximum on the disability benefits you may receive from all sources.
- D) attempts to time the benefits so that they are received when needed.

Answer: <https://biology-forums.com/index.php?topic=505746>

Question 454

Holding foreign assets in a portfolio tends to reduce the portfolio risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505191>

Question 455

The cash value on a life insurance policy is

- A) equal to the amount borrowed against the face amount on the insurance policy.
- B) equal to the surrender value.

C) equal to the savings generated during the existence of the policy contract.

D) equal to the market value of the insurance policy.

Answer: <https://biology-forums.com/index.php?topic=505848>

Question 456

Health Savings Accounts must be combined with a high-deductible health insurance policy.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505782>

Question 457

Huge federal government deficits have made put many Treasury bonds in default.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505374>

Question 458

Social Security provides disability income to

A) only covered workers.

B) only retired workers who once were covered workers and their families.

C) everyone who is a citizen of the United States.

D) covered workers and their families.

Answer: <https://biology-forums.com/index.php?topic=505737>

Question 459

In relation to the balance sheet or income statement, the budget

A) is less concerned with planning.

B) requires greater concern for financial goals.

C) is less important.

D) requires greater accuracy.

Answer: <https://biology-forums.com/index.php?topic=502168>

Question 460

Disability income insurance typically provides the insured with

A) protection against loss of income (typically at about 100% of current income).

B) protection against loss of income and complete medical insurance coverage.

C) medical payments coverage.

D) protection against loss of income (typically at no more than 60-70% of current income).

Answer: <https://biology-forums.com/index.php?topic=505735>

Question 461

Global and international funds invest in foreign securities.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505474>

Question 462

The first step in making sure you collect on a homeowners' covered loss is

A) evaluation.

B) documentation.

C) arbitration.

D) notification.

Answer: <https://biology-forums.com/index.php?topic=505595>

Question 463

Assuming a discount rate of 10%, the present value of \$1,000 received two years from now is

A) \$826.45.

B) \$800.00.

C) \$899.90

D) \$900.00

Answer: <https://biology-forums.com/index.php?topic=502086>

Question 464

We buy life insurance in order to transfer

- A) negative risk.
- B) speculative risk.
- C) adverse risk.
- D) pure risk.

Answer: <https://biology-forums.com/index.php?topic=505542>

Question 465

Which of the following relationships is correct?

- A) Liabilities = Assets
- B) Net worth = Assets - Liabilities
- C) Liabilities = Net worth + Assets
- D) Liabilities = Net worth - Assets

Answer: <https://biology-forums.com/index.php?topic=502131>

Question 466

An "as is" sticker on a car indicates that

- A) that the dealer has not made any repairs to the traded-in vehicle.
- B) the mechanical condition of the auto has been accurately represented by the dealer.
- C) the car is in the condition one would expect it to be.
- D) you are completely responsible for any defects.

Answer: <https://biology-forums.com/index.php?topic=504756>

Question 467

One difference between open-end and closed-end funds is that

- A) open-end shares can be purchased by the general public, while closed-end shares are available only to fund directors.
- B) open-end funds have no maturities, while closed-end funds are dissolved after a given number of years.
- C) closed-end funds control and manage open-end funds.
- D) shares of an open-end fund are bought and sold directly from or to the fund, while closed-end shares are bought and sold like the shares of any corporation.

Answer: <https://biology-forums.com/index.php?topic=505412>

Question 468

A constant ratio plan adjusts a portfolio by

- A) adjusting asset holdings to restore the initial target weights.
- B) investing a constant amount of money each period.
- C) maintaining a constant ratio of assets to the owner's wealth.
- D) maintaining a constant dividend yield.

Answer: <https://biology-forums.com/index.php?topic=505451>

Question 469

You are looking at a stock quotation in the newspaper and read that its "net change" is +2.5. This means that

- A) the difference between its high price and low price for the day was \$2.50.
- B) its dividend yield this year is 2.5% higher than its dividend yield last year.
- C) its closing price was \$2.50 higher than its closing price of the previous trading day.
- D) over the past 12 months the stock's highest price is 2.5 times its lowest price.

Answer: <https://biology-forums.com/index.php?topic=505241>

Question 470

The Securities Exchange Act of 1934 created the document called a 10-K report.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505094>

Question 471

Which item below is not taken as an itemized deduction?

- A) Medical expenses
- B) Charitable contributions
- C) Child and dependent care expenses
- D) Property taxes

Answer: <https://biology-forums.com/index.php?topic=502276>

Question 472

Under the current tax law

- A) only married couples may take both a standard deduction and also itemize personal deductions.
- B) only wage-earners may take both a standard deduction and also itemize personal deductions.
- C) all individuals must choose between a standard deduction or itemizing personal deductions.
- D) only self-employed individuals may take both a standard deduction and also itemize personal deductions.

Answer: <https://biology-forums.com/index.php?topic=502262>

Question 473

Which of the following would not be an appurtenant structure?

- A) The storage shed
- B) The dwelling unit
- C) The mailbox
- D) The unattached garage

Answer: <https://biology-forums.com/index.php?topic=505568>

Question 474

If your face amount of dwelling protection is \$100,000 and you have contents coverage on unscheduled property of \$50,000, the maximum amount you could collect if your policy has a deductible of \$1,000 and a co-insurance clause is

- A) \$100,000.
- B) \$150,000.
- C) \$149,000.
- D) \$99,000.

Answer: <https://biology-forums.com/index.php?topic=505573>

Question 475

One perspective on risk asserts that the longer an investment is held, the

- A) greater the risk because the long-run average return will be lower.
- B) greater its risk because there is less chance of earning the long-run average return.
- C) less the risk because the long-run average return will be higher.
- D) less its risk because there is a greater chance of earning the long-run average return.

Answer: <https://biology-forums.com/index.php?topic=505137>

Question 476

Fixed rate mortgages generally have a lower initial contract rate than adjustable rate mortgages.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504973>

Question 477

A Treasury bond pays interest quarterly.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505375>

Question 478

Discounting is the process of reducing future values to present values.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502114>

Question 479

You are considering buying a home. A pertinent action plan would not include

- A) how the annual savings will be invested until the down payment is made.
- B) how much must be saved each year to accumulate a down payment.
- C) when the home will be purchased.
- D) our anticipated enjoyment of the home.

Answer: <https://biology-forums.com/index.php?topic=502561>

Question 480

Your annual mortgage payments are \$10,000 of which \$8,000 represents interest payments, your marginal tax rate is about 30%, and you do not itemize deductions. Home ownership will reduce your tax payments by about how much?

- A) \$2,400
- B) \$3,000
- C) zero
- D) \$7,000

Answer: <https://biology-forums.com/index.php?topic=504871>

Question 481

Anita sold for \$60,000 her home that she purchased ten years ago for \$20,000. She then purchased another home a month later for \$70,000. Her capital gain on the sale of the first home was

- A) \$0.
- B) \$30,000.
- C) \$60,000
- D) \$40,000.

Answer: <https://biology-forums.com/index.php?topic=502302>

Question 482

Alpha value is required return subtracted from expected return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505344>

Question 483

Which item below is not an investment newspaper?

- A) Investor's Business Daily
- B) The Wall Street Journal
- C) Barron's
- D) Wall Street Week

Answer: <https://biology-forums.com/index.php?topic=505075>

Question 484

Condominium owners are usually assessed monthly maintenance fees to pay for the upkeep of the common areas.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504940>

Question 485

State governments

- A) have neither estate nor inheritance taxes.
- B) have either estate taxes or inheritance taxes, with a few having both.
- C) have only estate taxes.
- D) have only inheritance taxes.

Answer: <https://biology-forums.com/index.php?topic=502340>

Question 486

Which of the following statements is false?

- A) IRS publications provide helpful advice on filing the federal personal income tax return.
- B) Many financial planners do not specialize in tax advice. However, they may refer you other professionals who do.
- C) The statute of limitations gives the IRS three years from the time the return is filed to impose additional tax liabilities.
- D) Most tax service companies can provide the expert advice that high-income individuals with complex tax situations need.

Answer: <https://biology-forums.com/index.php?topic=502316>

Question 487

- A real estate investment trust (REIT) invests
- A) exclusively in property, such as buildings.
 - B) in many kinds of properties and mortgages to property.
 - C) exclusively in both property and raw land.
 - D) exclusively in raw land.

Answer: <https://biology-forums.com/index.php?topic=505441>

Question 488

Group mortgage life is a form of whole life insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505940>

Question 489

Unanticipated (unplanned) inflation makes it easier to reach our financial goals.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502218>

Question 490

Under a "secret warranty" the owner receives reimbursement for defects only if he or she

- A) complains to the dealer or manufacturer.
- B) enters arbitration over the defect.
- C) promises not to tell other owners.
- D) brings the dealer or manufacturer to court.

Answer: <https://biology-forums.com/index.php?topic=504798>

Question 491

"Marketable title" exists when

- A) the title is free from all claims by third parties.
- B) you list the home with a real estate agent.
- C) there are several claims on the title.
- D) the home is reasonably priced.

Answer: <https://biology-forums.com/index.php?topic=504895>

Question 492

A stock's alpha is equal to

- A) required return - expected return.
- B) future return - current return.
- C) current return + future return.
- D) expected return - required return.

Answer: <https://biology-forums.com/index.php?topic=505251>

Question 493

When choosing among health insurance plans, you should seriously consider only those that have adequate

- A) basic health care coverage.
- B) surgical care coverage.
- C) dental coverage.
- D) policy limits and major medical coverage.

Answer: <https://biology-forums.com/index.php?topic=505729>

Question 494

A corporation and a limited partnership are similar in that each passes profits or losses to its owners for tax purposes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505508>

Question 495

If additional earnings are taxed at 25%, \$1,000 of expenses require \$1,333 of pre-tax earnings.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502602>

Question 496

A "substitute check" is

- A) a digital picture of your original check formatted for bank processing.
- B) issued by a credit card company to cover previous purchases.
- C) meant to replace an original check that has been lost or stolen.
- D) any photocopy of an original check.

Answer: <https://biology-forums.com/index.php?topic=502423>

Question 497

"Check 21" gives banks the option of returning actual checks or substitute checks.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502553>

Question 498

Which of the following trusts would most likely not be subject to an estate tax, but might be subject to a gift tax?

- A) A revocable trust
- B) A living trust
- C) An irrevocable trust
- D) A testamentary trust

Answer: <https://biology-forums.com/index.php?topic=505911>

Question 499

The IRS accepts substitute checks as proof of purchase for tax purposes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502533>

Question 500

Homeowners' insurance will not pay out more than the face amount of the dwelling protection.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505644>

Question 501

A company's book value is determined by dividing its earnings by the number of shares of common stock outstanding.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505358>

Question 502

A simple interest calculation assumes you reinvest all interest earned in the investment.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502097>

Question 503

Adjustable-rate mortgages increase risk for lenders and reduce risk for borrowers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504978>

Question 504

Put and call options are classified as tangible investments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505087>

Question 505

When you enter into an exclusive agency agreement with a selling agent, that agent may agree to share the commission with other agents.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504957>

Question 506

The tax law allows additional standard deduction amounts

- A) only for impaired vision.
- B) for both impaired vision and age 65 or older.
- C) for second homes.
- D) for alimony payments.

Answer: <https://biology-forums.com/index.php?topic=502268>

Question 507

An inflation guard endorsement will

- A) increase the co-insurance percentage in the replacement cost provision.
- B) protect you from a decline in housing prices by ensuring that you can resell your home for at least as much as you paid for it.
- C) protect you from a rise in housing prices by ensuring that you can resell your home for the initial purchase price plus an adjustment for inflation.
- D) periodically increase your dwelling protection to reflect increases in replacement cost.

Answer: <https://biology-forums.com/index.php?topic=505569>

Question 508

An investments total return consists of its current return plus its future return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505079>

Question 509

In order for a government to establish an effective estate tax, it is necessary that there be

- A) a regressive income tax.
- B) an inheritance tax.
- C) a gift tax.
- D) a progressive income tax.

Answer: <https://biology-forums.com/index.php?topic=502335>

Question 510

When a pension plan satisfied all the government mandated requirements for it to receive a tax advantaged status, it is referred to as a

- A) defined benefit plan.
- B) qualified retirement plan.
- C) individual savings plan.
- D) normal retirement plan

Answer: <https://biology-forums.com/index.php?topic=506008>

Question 511

A _____ studies all aspects of crime.

- a. Sociologist
- b. Psychologist
- c. Criminologist
- d. Anthropologist

Answer: <https://biology-forums.com/index.php?topic=504572>

Question 512

Data for a share of common stock of ABC Company appear below:

Dividend: 2005 actual \$ 1.000

2006 actual 1.100

2007 actual 1.210

2008 expected 1.331

Current market price per share: \$20.000

Assuming the dividend pattern above will continue in the future and also assuming that it is the first of January, 2008, the estimated total return for the stock is

- A) 6.67%.
- B) 6.05%.
- C) 16.67%.
- D) 10.00%.

Answer: <https://biology-forums.com/index.php?topic=505249>

Question 513

The initial contract rate on adjustable-rate loans is typically above that on fixed-rate loans.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504977>

Question 514

A stock's alpha value is calculated as

- A) required return plus expected return.
- B) required return minus expected return.
- C) expected return minus required return.
- D) expected return divided by the stock's beta.

Answer: <https://biology-forums.com/index.php?topic=505164>

Question 515

Spiro invested \$800 in an IRA. If he has a 15% marginal tax rate, and the contribution is tax deductible, the tax impact in the year of the investment will be

- A) zero; an IRA has no impact until funds are withdrawn.
- B) that he will pay \$120 less in taxes.
- C) that he will pay \$120 more in taxes.
- D) that he will pay \$800 less in taxes.

Answer: <https://biology-forums.com/index.php?topic=502325>

Question 516

A redemption charge is a

- A) carrying fee.
- B) management fee.
- C) back-end load.
- D) front-end load.

Answer: <https://biology-forums.com/index.php?topic=505410>

Question 517

The alternative minimum tax (ATM) is most likely to have a negative impact on

- A) high income earners with substantial deductions.
- B) low income earners.
- C) death estates.
- D) retired individuals.

Answer: <https://biology-forums.com/index.php?topic=502305>

Question 518

Consider the following assets: I. Treasury Strips, II. Coupon Treasury bonds, III. growth stocks, and IV. medium quality corporate bonds. An aggressive investor seeking high current income would prefer

- A) I.
- B) II.

- C) III.
- D) IV.

Answer: <https://biology-forums.com/index.php?topic=505449>

Question 519

The standard deduction is the largest for

- A) married individuals filing separately.
- B) a single filer.
- C) married couples filing jointly.
- D) a head of household

Answer: <https://biology-forums.com/index.php?topic=502266>

Question 520

In comparison to an investment in common stock, a limited partnership investment offers greater liquidity.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505511>

Question 521

A NOW account is defined simply as a checking account that pays interest.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502446>

Question 522

Both money market deposit accounts and money market mutual funds may have federal insurance protection.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502452>

Question 523

When you keep a fire extinguisher in the kitchen you are engaging in risk avoidance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505628>

Question 524

Marginal analysis is most appropriately described as

- A) balancing consumption and investment budgets.
- B) examining changes in variables that are related to controllable decision inputs.
- C) matching problems with appropriate strategies to deal with them.
- D) looking at the "next-best" strategy when "first-best" isn't available.

Answer: <https://biology-forums.com/index.php?topic=502562>

Question 525

Loans insured by the FHA are said to be "conventionally" financed.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504998>

Question 526

The main purpose of the coinsurance clause is to

- A) provide an incentive for adequate coverage.
- B) hold down the cost of insurance.
- C) cheat homeowners.
- D) allocate responsibilities among multiple insurers.

Answer: <https://biology-forums.com/index.php?topic=505557>

Question 527

Lenny, who lives in New York City, deposited in his checking account a check from his mother, who also lives in New York City. The bank must make the funds available

- A) two days after the deposit day.
- B) after the check clears the Federal Reserve System.
- C) immediately.
- D) on the next business day.

Answer: <https://biology-forums.com/index.php?topic=502418>

Question 528

Private mortgage insurance will cover your monthly mortgage payments if your employment is terminated because of ill health.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504999>

Question 529

An asset that influences the quality of your life is referred to in the text as a

- A) current asset.
- B) lifestyle asset.
- C) lifelong asset.
- D) liquid asset.

Answer: <https://biology-forums.com/index.php?topic=502137>

Question 530

Dental surgery to correct birth deformities or injuries is usually included under your basic health care insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505766>

Question 531

The principle objective in cash management is to minimize your cash balances while maintaining adequate liquidity.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502546>

Question 532

Risk avoidance is not always the best risk management strategy.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505632>

Question 533

The interest rate on variable rate loans is typically indexed to other market rates of interest.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504740>

Question 534

Part of the interactionist perspective, as it pertains to deviance, is the interpretation of symbols and the interactions between people.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504601>

Question 535

A risk averter is someone unwilling to undertake risky investments, regardless of the potential return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505082>

Question 536

The cost basis for appreciated stock transferred at the death of the owner

- A) is determined by its price at the date of purchase by the deceased owner.
- B) is determined by its price at the date of sale by the beneficiary.
- C) is determined by its prices at the date of sale by the beneficiary.
- D) is determined by its price at the date of death for the deceased owner.

Answer: <https://biology-forums.com/index.php?topic=502341>

Question 537

The most needed auto coverage is

- A) personal liability.
- B) other-than-collision.
- C) medical payments.
- D) collision.

Answer: <https://biology-forums.com/index.php?topic=505597>

Question 538

Highly liquid investments have

- A) no maturity.
- B) short-term maturities.
- C) significant future returns.
- D) long-term maturities.

Answer: <https://biology-forums.com/index.php?topic=505016>

Question 539

Your entire monthly mortgage payment may be taken as a tax deduction.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504946>

Question 540

Given the data below for the Zoom Corporation, you should

1. Beta = 0.8
 2. Expected price appreciation = 15%
 3. Market risk premium = 8%
 4. Risk free rate = 4%
 5. Next year's dividend = \$1.00
 6. Current market price = \$50
- A) buy the stock: expected return exceeds required return.
 - B) not buy the stock: expected return exceeds required return.
 - C) not buy the stock: required return exceeds expected return.
 - D) buy the stock: required return exceeds expected return.

Answer: <https://biology-forums.com/index.php?topic=505256>

Question 541

Future return is often expressed in the total return equation by the estimated annual percentage growth in dividends.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505342>

Question 542

Given the same face amount of insurance protection, which of the following would have the most rapid cash value build-up?

- A) Modified whole life insurance
- B) Renewable term insurance
- C) Whole life insurance
- D) Limited payment ordinary life insurance

Answer: <https://biology-forums.com/index.php?topic=505872>

Question 543

When insureds engage in a pooling of risk,

- A) each individual experiences an increase in his or her total risk.

- B) they can reduce the total losses of the insureds.
- C) total premiums will be less than total losses.
- D) the individual risk accompanying future uncertain events is decreased.

Answer: <https://biology-forums.com/index.php?topic=505530>

Question 544

These men were convicted of a(n) _____.

- a. Organized crime
- b. White-collar crime
- c. Hate crime
- d. Property crime

Answer: <https://biology-forums.com/index.php?topic=504580>

Question 545

Increasing the deductible on your homeowner's policy is an example of

- A) risk transfer.
- B) risk avoidance.
- C) risk reduction.
- D) risk retention.

Answer: <https://biology-forums.com/index.php?topic=505543>

Question 546

A securities analyst who is a fundamentalist would probably be interested in a company's earnings and financial strength.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505351>

Question 547

Compounding is the process of increasing present value to future value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502099>

Question 548

You are considering prepaying an installment loan you took out several months ago. The lender has provided you with the following information.

remaining months to pay 10
loan payoff \$851.29
monthly payments \$95.00
balance due in last month of the loan \$95.00
remaining interest on the loan \$98.71

You believe you can earn an annual after-tax rate of rate of 16% on your investments in each of the next ten months (1.33% a month). Given the above information, you should

- A) not prepay the loan; your net gain will be about \$35.62.
- B) prepay the loan; your net gain will be about \$35.62.
- C) prepay the loan; your net gain will be about \$14.80.
- D) not prepay the loan; your net gain will be about \$14.80.

Answer: <https://biology-forums.com/index.php?topic=504673>

Question 549

The Federal National Mortgage Corporation recommends that you total monthly debt payments, including housing expenses, not exceed

- A) 14 to 18 percent of your gross monthly income.
- B) 60 to 64 percent of your gross monthly income.
- C) 46 to 50 percent of your gross monthly income.
- D) 33 to 36 percent of your gross monthly income.

Answer: <https://biology-forums.com/index.php?topic=504863>

Question 550

Opening a retail charge account is one way of establishing a credit record.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504686>

Question 551

Given the data below for the Zoom Corporation, its expected total return is

1. Beta = 0.8
 2. Expected price appreciation = 7%
 3. Market risk premium = 8%
 4. Risk free rate = 4%
 5. Next year's dividend = \$1.00
 6. Current market price = \$50
- A) 9.0%.
B) 15.0%.
C) 12.0%.
D) 7.0%.

Answer: <https://biology-forums.com/index.php?topic=505254>

Question 552

In contrast to common stocks, bonds offer a fixed dollar return.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505365>

Question 553

Marginal analysis

- A) only considers some historical costs.
B) only considers costs that vary with the relevant decision.
C) considers all historical costs.
D) considers all past and future costs.

Answer: <https://biology-forums.com/index.php?topic=502564>

Question 554

In a "qualified tax-deferred" retirement plan, taxes are deferred on

- A) only employer contributions.
B) only interest earned by the retirement fund.
C) employer contributions and interest earned by the retirement fund.
D) only employee contributions

Answer: <https://biology-forums.com/index.php?topic=506010>

Question 555

Which of the following statements is FALSE regarding the relationship between women and crime?

- a. The number of women who are committing crimes has decreased in recent years.
b. Women are committing more crimes due to increased opportunities.
c. Women are feeling more liberated to do many things including committing crimes of various sorts.
d. The number of women involved with drugs has increased.

Answer: <https://biology-forums.com/index.php?topic=504586>

Question 556

A market risk premium refers to difference in yields between the risk-free rate and the overall market.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505202>

Question 557

A grace period provides substantial benefits for consumers who do not pay off the entire amount owed each month on their revolving charge accounts.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=504708>

Question 558

A guarantee usually provides better consumer protection than a warranty.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504805>

Question 559

Your income less your expenses over the previous period represents

- A) your net worth.
- B) the reduction in your net worth.
- C) your contribution to savings
- D) your total savings.

Answer: <https://biology-forums.com/index.php?topic=502152>

Question 560

The sociologist who studied Agnes, a male-to-female transgendered person, in a classic ethnomethodological study is:

- a. Harold Garfinkel
- b. Emile Durkheim
- c. Karl Marx
- d. Herbert Spencer

Answer: <https://biology-forums.com/index.php?topic=504549>

Question 561

Which of the following items would appear on a personal balance sheet?

- A) A loan made on a life insurance policy
- B) Premiums paid on a health insurance policy
- C) Interest received on a savings account
- D) Interest paid on an installment loan

Answer: <https://biology-forums.com/index.php?topic=502146>

Question 562

Which of the following is the least likely to be included in the transition fund?

- A) Uninsured medical costs
- B) Funeral and burial costs
- C) Home mortgage
- D) Probate costs

Answer: <https://biology-forums.com/index.php?topic=505821>

Question 563

The higher the interest (discount) rate, the greater the present value of a future payment.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502112>

Question 564

Which of the following would not be a characteristic of a qualifying educational expense deduction?

- A) The education must be required by your employer and serve to maintain or improve your skills in your present work.
- B) It reduces your taxable income only if you itemized.
- C) The education must enable you to meet the minimum skills for your present job.
- D) For it to reduce your taxable income, your job related deductions must exceed 2 percent of your adjusted gross income.

Answer: <https://biology-forums.com/index.php?topic=502318>

Question 565

An insurance company can cancel an entire class of disability income replacement policies if they contain a class cancelable provision.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505812>

Question 566

Which of the below publications does not provide periodic evaluations of mutual funds?

- A) Time
- B) Forbes
- C) Barron's
- D) Money

Answer: <https://biology-forums.com/index.php?topic=505434>

Question 567

A sinking fund refers to funds allocated to gradually retire a bond issue over time.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505370>

Question 568

The CFP designation is reserved for those individuals that have successfully completed a series of exams covering all aspects of financial planning.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=503661>

Question 569

A favorable income variance indicates a monthly income

- A) greater than budgeted monthly expenses.
- B) greater than budgeted monthly income.
- C) greater than accumulated income variances.
- D) equal to the budgeted monthly income.

Answer: <https://biology-forums.com/index.php?topic=502175>

Question 570

Historical data suggest a market risk premium of about 20%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505196>

Question 571

The Gale Market Index Fund advertises that it earned a 392% return. This is probably its

- A) average annual total return over some number of years.
- B) total return for the previous year.
- C) cumulative total return over some number of years.
- D) return in relation to the overall market.

Answer: <https://biology-forums.com/index.php?topic=505428>

Question 572

From a budgeting view, which of the following statements is not true concerning variances?

- A) Ideally, cumulative variances for the year will equal zero.
- B) A favorable expense variance means the budgeted amount was more than actual.
- C) Cumulative variance = current month's variance + variances of previous months.
- D) Ideally, cumulative variances for the year should have a positive value.

Answer: <https://biology-forums.com/index.php?topic=502176>

Question 573

With participating life insurance you can lower your premiums by changing your lifestyle.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505929>

Question 574

Lou had \$1,000 in his savings account at the beginning of a period. He then deposited \$1,000 and later withdrew \$500. Under the minimum balance

method, interest would be paid on \$1,500 for the full period.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502539>

Question 575

Holding gold and silver together is probably less risky than holding only one of them with GM stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505192>

Question 576

Which of the following is not a correct characteristic of a Coverdell Education Savings Account?

- A) It may be used to fund an elementary or primary school education.
- B) There is a 10% penalty on early withdrawals before the child reaches age 17.
- C) The amounts deposited in an Education IRA are not tax deductible.
- D) The child will not owe taxes on any withdrawal made to pay for qualified educational expenses.

Answer: <https://biology-forums.com/index.php?topic=502320>

Question 577

Personal exemptions are deducted from

- A) gross income.
- B) taxable income.
- C) adjusted gross income.
- D) personal income.

Answer: <https://biology-forums.com/index.php?topic=502263>

Question 578

An advantage of exchange-traded funds is they occasionally can be purchased at significant discounts to book value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505493>

Question 579

Deductibles serve to

- A) reduce court awards for damages.
- B) lower premiums by eliminating the cost of handling many small claims.
- C) dissuade customers who are at high risk from purchasing insurance.
- D) enhance the profits of the insurance companies by denying payments on small claims.

Answer: <https://biology-forums.com/index.php?topic=505562>

Question 580

Which of following statements concerning health savings accounts (HSA) is incorrect?

- A) Your contributions are tax deductible whether or not you itemize.
- B) Funds in the account may be used as a source of retirement funds.
- C) Employer contributions are not included in your gross income.
- D) Amounts in the account at the end of the year are forfeited.

Answer: <https://biology-forums.com/index.php?topic=505724>

Question 581

Those most likely to be without health insurance coverage are

- A) between 18 and 24 years of age.
- B) over 65 years of age.
- C) between 25 and 54 years of age.
- D) under age 18.
- E) between 55 and 64 years of age.

Answer: <https://biology-forums.com/index.php?topic=505681>

Question 582

You will buy a lottery ticket. If you win, you have a choice of receiving \$995,000 now or three equal end-of-year payments of \$400,000. You should take the payments

- A) if you earn 20% or more on your investments.
- B) because \$1,200,000 is greater than \$995,000.
- C) if you earn 11% or more on your investments.
- D) if you earn less than 10% on your investments.

Answer: <https://biology-forums.com/index.php?topic=502087>

Question 583

Wall Street Week is a weekly publication of the editors of The Wall Street Journal.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505129>

Question 584

Loans for mobile homes are typically financed like other personal property loans at interest rates above those on conventional home mortgages.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504943>

Question 585

According to the strain theory, there are _____ deviant responses to strain.

- a. 5
- b. 4
- c. 3
- d. 2

Answer: <https://biology-forums.com/index.php?topic=504538>

Question 586

Since there are no tax consequences arising from trades in a 401(k) plan, it makes sense

- A) to ignore this feature and stick to a sound investment approach.
- B) to trade often in an attempt to time the markets.
- C) to trade aggressively if you are young and have a long investment horizon, but to be more conservative if you are nearing retirement.
- D) not to participate in the plan since you can't write off tax losses.

Answer: <https://biology-forums.com/index.php?topic=505458>

Question 587

Market-timing strategies try to exploit the investment cycle.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505216>

Question 588

With Older Home Form (HO-8), the dwelling is insured for its actual cash value rather than its replacement cost.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505654>

Question 589

DRIPs refers to a technique for timing the market.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505214>

Question 590

About what percentage of the household budget is spent on consumer durables and the operation of those consumer durables?

- A) 45%
- B) 65%
- C) 25%

D) 10%

Answer: <https://biology-forums.com/index.php?topic=504745>

Question 591

Company-sponsored pension plans are regulated by

- A) the Old-Age, Survivors, Disability, and Health Insurance Act (OASDHI).
- B) the Employee Retirement Benefit Act (ERBA).
- C) the Retirement Accounting Standards Board (RASB).
- D) the Employee Retirement Income Security Act (ERISA).

Answer: <https://biology-forums.com/index.php?topic=506006>

Question 592

Monthly budget estimates for many line items are simply the annual estimate divided by 12.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502239>

Question 593

A wire transfer refers to using an ATM machine to access cash.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502554>

Question 594

Some adjustable rate mortgages contain payment caps that limit monthly mortgage payments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504985>

Question 595

Cautious investors who need income are likely to prefer high quality corporate bonds.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505516>

Question 596

Major medical only reimburses for hospital and medical expenses.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505764>

Question 597

The medical expense deduction may only be taken if they were

- A) more than 7.5 percent of adjusted gross income.
- B) more than 20 percent of adjusted gross income.
- C) more than 2 percent of adjusted gross income.
- D) incurred during a hospital stay that lasted at least two days.

Answer: <https://biology-forums.com/index.php?topic=502274>

Question 598

Typically, your insurance needs change throughout your life.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502587>

Question 599

You read that a savings account offers a 10% yield, compounded semi-annually. Your effective annual yield then is

- A) 9.75%.
- B) 5.05%.

C) 10.25%.

D) 11.00%.

Answer: <https://biology-forums.com/index.php?topic=502426>

Question 600

A cashier's check is written by a bank and drawn against the bank when paid.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502535>

Question 601

Which of the following items would not appear on a personal balance sheet?

A) Credit card balances

B) A loan to a friend

C) Rent expense

D) Jewelry

Answer: <https://biology-forums.com/index.php?topic=502145>

Question 602

A guaranteed insurability rider

A) allows you to extend your current coverage at the same premium. However, a medical examination may be required.

B) allows you to extend your current coverage without a medical examination.

C) allows you to increase the face amount of the insurance policy without an additional medical examination.

D) allows you to increase the face amount of insurance protection if you pass an additional medical examination.

Answer: <https://biology-forums.com/index.php?topic=505854>

Question 603

Selling short means selling a stock you own before its price reaches your expected target.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505116>

Question 604

Real estate agents are generally paid a flat predetermined fee.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504953>

Question 605

In most states requiring no-fault insurance,

A) lawsuits for either medical or property damages are entirely prohibited.

B) you still need personal liability protection.

C) the no-fault coverage does not extend to damages for physical injury.

D) lawsuits for property damages are entirely prohibited.

Answer: <https://biology-forums.com/index.php?topic=505609>

Question 606

Given an identical contract rate, the discount loan will have a higher APR than a simple interest loan.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504716>

Question 607

An opportunity cost is what you give up when you choose one alternative over another.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502597>

Question 608

A debt service coverage ratio of 1.0 would mean all of your future income would be needed to repay existing debts.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502225>

Question 609

Which of the following statements concerning homeowners' insurance is false?

- A) In actuality, named perils insurance provides broader coverage than all risks insurance.
- B) Named perils insurance protects you only against perils that are specifically named in the policy.
- C) Under named perils insurance, it is the insurance company's responsibility to prove that your loss was not due to one of the named perils.
- D) Even under all risks insurance some perils, such as earthquakes, are excluded.

Answer: <https://biology-forums.com/index.php?topic=505549>

Question 610

A building-block approach to financial planning refers to

- A) pursuing conservative investments and activities first.
- B) a guide for achieving maximum wealth with limited resources.
- C) linking all investments and activities into one plan.
- D) phases of the financial life cycle.

Answer: <https://biology-forums.com/index.php?topic=502569>

Question 611

When the estate is divided equally among the family's offspring, there is a

- A) per capita division of the property.
- B) per quod division of the property.
- C) per se division of the property.
- D) per stirpes division of the property.

Answer: <https://biology-forums.com/index.php?topic=505898>

Question 612

Taxable income equals adjusted gross income minus

- A) personal dependency exemptions and personal deductions.
- B) tax credits.
- C) nontaxable exclusions.
- D) taxes withheld from wages.

Answer: <https://biology-forums.com/index.php?topic=502259>

Question 613

A lender may grant a loan in the absence of a marketable title if the defects are minor.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504960>

Question 614

A CD enables you to "lock in" a current interest rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502515>

Question 615

Unplanned for inflation makes it easier to reach our financial goals.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502127>

Question 616

Everything in the will is subject to legal interpretation and challenge.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505985>

Question 617

- A liquid asset is most appropriately described as one that is
- A) cash in a checking account.
 - B) cash or any other asset that is marketable.
 - C) cash and all other assets except those specifically designated as retirement assets.
 - D) cash or any other asset that is easily converted to cash with no loss in market value.

Answer: <https://biology-forums.com/index.php?topic=502136>

Question 618

- A "living will"
- A) is also known as an irrevocable living trust.
 - B) automatically redirects assets to your beneficiaries as you age.
 - C) transfers your assets to your beneficiaries before you die in the event you become incapacitated.
 - D) is a medical directive indicating the type of life support you wish to receive should you be incapacitated.

Answer: <https://biology-forums.com/index.php?topic=505749>

Question 619

- An increase in which of the following would not decrease your taxable income?
- A) Personal dependency exemptions and personal deductions
 - B) Federal taxes withheld from wages
 - C) State and local taxes withheld from wages
 - D) Adjustments to gross income

Answer: <https://biology-forums.com/index.php?topic=502260>

Question 620

- John issued a check to Mary who signed it as a blank endorsement. Mary lost the check. If someone finds it, he/she could
- A) sign his/her name under Monica's and cash the check.
 - B) do nothing; the check must be made payable to him/her before it can be cashed.
 - C) write "for deposit only" under Monica's signature and deposit it to his/her account.
 - D) do nothing; since he or she is neither a payer or payee.

Answer: <https://biology-forums.com/index.php?topic=502415>

Question 621

- Foreclosure is the legal process
- A) for closing on a typical home purchase.
 - B) that terminates your right to the property and forces its sale.
 - C) condemning a property that has not been maintained.
 - D) that ensures marketable title at closing.

Answer: <https://biology-forums.com/index.php?topic=504935>

Question 622

- Which of the following is not an example of risk reduction?
- A) Wearing seat-belts
 - B) Installing a smoke detector
 - C) Looking both ways before you cross the street
 - D) Purchasing homeowner's insurance

Answer: <https://biology-forums.com/index.php?topic=505537>

Question 623

- The steps in a planning approach are: (1) creating an action plan, (2) deciding if a goal is still worth achieving, (3) making a broad goal concrete and specific, and (4) evaluating goal-achievement performances. The correct sequential order of these steps is
- A) (3), (1), (4), (2).
 - B) (2), (4), (1), (3).
 - C) (1), (3), (2), (4).
 - D) (4), (3), (2), (1).

Answer: <https://biology-forums.com/index.php?topic=502560>

Question 624

The interest adjusted net cost index should be used to compare the relative cost of a term policy to a cash value policy.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505961>

Question 625

Evidence shows that the return on U.S. Treasury bills was negative.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505182>

Question 626

Which of the following classes of beneficiaries would generally have the lowest inheritance tax rate?

- A) Parents and children
- B) Brothers and sisters
- C) Spouses
- D) All of the above beneficiaries would generally have the same tax rate.

Answer: <https://biology-forums.com/index.php?topic=502339>

Question 627

If your assets increase from one year to the next, so must your net worth by an equal amount.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502184>

Question 628

Which item below is not a broad market exchange-traded fund?

- A) "spider"
- B) "the Qs"
- C) "diamond"
- D) "HOLDR"

Answer: <https://biology-forums.com/index.php?topic=505438>

Question 629

The "due on sale clause" requires

- A) repayment of the balance on the home loan when the property changes hands.
- B) the buyer to pay the entire amount due at closing.
- C) the seller to pay all of the buyer's points at closing.
- D) the seller to pay all property taxes that have become due between the last tax assessment and the sale of the home.

Answer: <https://biology-forums.com/index.php?topic=504927>

Question 630

You may want to avoid a variable rate consumer loan if you expect

- A) a decline in the rate of inflation.
- B) rates of interest to remain the same.
- C) rates of interest to rise.
- D) rates of interest to fall.

Answer: <https://biology-forums.com/index.php?topic=504670>

Question 631

If you die intestate,

- A) there will be a state-mandated distribution of your assets.
- B) your estate will be distributed according to the terms of your will.
- C) your estate will be distributed entirely to your wife with your children receiving nothing.
- D) your estate will be distributed entirely to your children with your wife receiving nothing.

Answer: <https://biology-forums.com/index.php?topic=505890>

Question 632

Comprehensive financial information about a company is found in its

- A) presidential address.
- B) articles of incorporation.
- C) 10-K Report.
- D) corporate by-laws.

Answer: <https://biology-forums.com/index.php?topic=505044>

Question 633

A tax levied on the property of the deceased before it is transferred is

- A) an excise tax.
- B) an inheritance tax.
- C) a gift tax.
- D) an estate tax.

Answer: <https://biology-forums.com/index.php?topic=502333>

Question 634

A bank reconciliation involves converting a checking account to a savings account.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502552>

Question 635

An overdraft protection line of credit

- A) blocks creditors from accessing the equity in your home.
- B) can automatically extend credit to cover excess withdrawals from a checking account.
- C) can be used to extend payments on a home mortgage.
- D) is characteristic of revolving charge accounts.

Answer: <https://biology-forums.com/index.php?topic=504671>

Question 636

The Life Insurance Protection Gap is equal to

- A) Unfunded Needs less Life Insurance Protection.
- B) Unfunded Needs less Funded Estate Liquidity.
- C) Unfunded Needs less Funding Sources.
- D) Unfunded Needs plus Unfunded Estate Liquidity.

Answer: <https://biology-forums.com/index.php?topic=505830>

Question 637

You have been considering using the available mass transit to get to work. A bus ticket to travel the 10 miles from your home to your place of employment costs \$2. You have calculated the cost of ownership of and the cost of operations for the auto you are presently using to commute. These are, respectively, 45 cents per mile and 13 cents per mile. Accordingly, if you are interested in reducing your current expenses, you should consider

- A) using mass transit under all circumstances, because the cost of operations exceeds the cost of using mass transit.
- B) using mass transit under all circumstances, because the cost of ownership exceeds the cost of using mass transit.
- C) using mass transit under all circumstances, because the total cost of ownership and operations exceeds the cost of using mass transit.
- D) using mass transit, only if the auto is not needed for other purposes than commuting.

Answer: <https://biology-forums.com/index.php?topic=504785>

Question 638

Which statement below regarding book value is not appropriate?

- A) It may not reflect a company's ability to generate future cash inflows.
- B) It includes the market's valuation of the company's good will.
- C) It often is a poor estimate of a company's fundamental value.
- D) It reflects historical costs of assets, which may be poor indicators of those assets' replacement costs.

Answer: <https://biology-forums.com/index.php?topic=505265>

Question 639

With an adjustable life insurance policy,

- A) you may adjust the payout feature on the policy. However, you are not able to adjust either the face amount or the premium payments.
B) you may adjust both the face amount and the premium payments.
C) you may adjust the premium payments, but not the face amount.
D) you may adjust the face amount, but not the premium payments.

Answer: <https://biology-forums.com/index.php?topic=505874>

Question 640

The Americans with Disabilities Act

- A) allows employers to deny employment to individuals who are likely to file insurance claims.
B) prohibits employers from discriminating against disabled workers.
C) prohibits health insurers from including pre-existing conditions clauses in policies.
D) requires business to accommodate disabled customers, but not disabled employees.

Answer: <https://biology-forums.com/index.php?topic=505717>

Question 641

The health care coverage that provides you with the greatest choice of health care services is

- A) fee-for-service care.
B) managed care.
C) PPO care.
D) HMO care.

Answer: <https://biology-forums.com/index.php?topic=505708>

Question 642

Which of the following statements is true concerning overdrafts?

- A) They are inexpensive nuisances because banks usually do not charge for overdrafts.
B) An effective way to prevent them is to "overload" the account.
C) They differ from "bounced checks" in that "bouncing" a check is a mistake while an overdraft is deliberate.
D) They can be avoided by arranging an automatic transfer from a savings account.

Answer: <https://biology-forums.com/index.php?topic=502416>

Question 643

A money market mutual fund is a good short-term investment if you want a rather high liquid balance to make an occasional major purchase, such as an item at a flea market.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=502513>

Question 644

Adjustable rate loans

- A) are also called flexible rate loans.
B) are tied to different indexes than those determining flexible rate loans.
C) are for shorter periods than flexible rate loans.
D) have less variability than flexible rate loans.

Answer: <https://biology-forums.com/index.php?topic=504913>

Question 645

A small business in your home

- A) is typically covered for property loss, but not business related liabilities, under your homeowners' policy.
B) is typically covered for minor business related liabilities, but not property loss, under your homeowners' policy.
C) can be included under your homeowners' coverage with a business pursuits endorsement.
D) is typically covered for both property loss and minor business related liabilities under your homeowners' policy.

Answer: <https://biology-forums.com/index.php?topic=505594>

Question 646

Professional financial planners must pass stringent federal exams before they are allowed to sell their services.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=502604>

Question 647

In states with no-fault auto insurance

- A) you retain the right to sue for small claims.
- B) you may retain the right to sue if your injuries exceed a monetary or verbal threshold.
- C) auto premiums have been lower than in states with traditional coverage.
- D) you need not personal liability protection.

Answer: <https://biology-forums.com/index.php?topic=505607>

Question 648

Universal life provides an interest return on the savings component that is periodically revised.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505953>

Question 649

You have been considering using the available mass transit to get to work. A bus ticket to travel the 10 miles from your home to your place of employment costs \$2. You have calculated the cost of ownership of and the cost of operations for the auto you are presently using to commute. These are, respectively, 45 cents per mile and 23 cents per mile. Accordingly, if you are interested in reducing your current expenses, you should consider

- A) using mass transit under all circumstances, because the cost of ownership exceeds the cost of using mass transit.
- B) using mass transit under all circumstances, because the total cost of ownership and operations exceeds the cost of using mass transit.
- C) using mass transit under all circumstances, because the cost of operations exceeds the cost of using mass transit.
- D) using mass transit, only if the auto is not needed for other purposes than commuting.

Answer: <https://biology-forums.com/index.php?topic=504786>

Question 650

It is likely that achieving financial goals

- A) is burdensome and lowers the quality of life.
- B) helps your effort to achieve non-financial goals.
- C) turns people into cynics.
- D) hinders your effort to achieve non-financial goals.

Answer: <https://biology-forums.com/index.php?topic=502050>

Question 651

Additional standard deduction amounts are allowed for blindness and 65 years of age or older.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502360>

Question 652

You can avoid current taxes on a withdrawal of cash value if

- A) you are over age 59 1/2.
- B) you assign the proceeds to a nonrevocable trust.
- C) you are under age 59 1/2.
- D) you switch your investment earnings into another policy and fill out an 1035 exchange form.

Answer: <https://biology-forums.com/index.php?topic=505886>

Question 653

Examining evidence of returns on common stocks and Treasury bills indicates that common stocks had

- A) the lower rate of return and the greater risk.
- B) the lower rate of return and the less risk.
- C) the higher rate of return and the greater risk.
- D) the higher rate of return and the less risk.

Answer: <https://biology-forums.com/index.php?topic=505141>

Question 654

Universal life differs from traditional whole life, because

- A) those with universal whole life can borrow against their cash value, whereas those with traditional whole life cannot.
- B) universal life pays a guaranteed interest return over the life of the policy's cash value.

- C) those with traditional whole life can borrow against their cash value, whereas those with universal life cannot.
D) universal life explicitly divides premium payments into a death protection component and an investment component.

Answer: <https://biology-forums.com/index.php?topic=505875>

Question 655

Which of the following definitions of disability provides the best protection against a reduction in your income?

- A) You are disabled if you cannot engage in any type of paid employment.
B) You are disabled if you are unable to engage in any occupation for which you are suited by training and experience.
C) You are disabled if you are classified as disabled by the Security Administration.
D) You are disabled if you cannot perform the main duties of your regular occupation.

Answer: <https://biology-forums.com/index.php?topic=505745>

Question 656

Consumer durables give rise to multiple entries on the household budget.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=504802>

Question 657

Itemized deductions are added to the standard deduction to determine total personal deductions.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=502355>

Question 658

When two companies merge they engage in a stock split.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505333>

Question 659

To be considered an investment asset, an item

- A) must be owned free and unencumbered by a loan.
B) must be intangible.
C) must be a stock, a bond, or a savings account.
D) must be purchased for the specific purpose of providing additional income or increasing net worth.

Answer: <https://biology-forums.com/index.php?topic=502139>

Question 660

A short position reflects the expectation of price increases.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505115>

Question 661

For balance sheet purposes, the best definition of a liability is anything that impedes your financial progress.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=502198>

Question 662

The family maintenance fund should not include

- A) all expenses that were jointly consumed by the insured and potential survivors.
B) those expenses that were independently consumed by the insured.
C) all expenses that were independently consumed by potential survivors.
D) expenses that were either jointly consumed by both potential survivors and the insured.

Answer: <https://biology-forums.com/index.php?topic=505822>

Question 663

A municipal bond has a quoted yield of 5%. If an investor has a 20% marginal tax rate, the bond's after-tax yield is

- A) 6.25%.
- B) 7.25%.
- C) 4.00%.
- D) 5.00%.

Answer: <https://biology-forums.com/index.php?topic=505304>

Question 664

A Ginnie Mae bond has the same features as a coupon Treasury bond.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505382>

Question 665

A viatical company

- A) purchases life insurance policies from individuals who are likely to die in the near future.
- B) purchases life insurance policies from individuals who no longer need life insurance coverage.
- C) sells whole life insurance.
- D) sells only term insurance.

Answer: <https://biology-forums.com/index.php?topic=505853>

Question 666

The total cost of an open-end lease will depend upon the resale price of the auto at the end of the leasing period.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504841>

Question 667

If you want to cut your losses by telling your broker to sell your stock at the best possible price you have entered a limit order.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505123>

Question 668

Which of the following acts was meant to enhance financial disclosures and make financial analysts more responsive to investors.

- A) Grasso Public Disclosure Act
- B) Financial Institutions Act
- C) Sarbanes Oxley Act
- D) Registered Investment Advisors Act

Answer: <https://biology-forums.com/index.php?topic=505047>

Question 669

Indemnification

- A) means that the insurance proceeds will return you to your pre-loss financial status.
- B) applies only on life insurance covering the entire family.
- C) permits the insurance company to sue you for negligence.
- D) means that your insurance company has first claim on any court-awarded damages.

Answer: <https://biology-forums.com/index.php?topic=505536>

Question 670

Older Home Form HO-8 allows owners of older homes to purchase homeowners' insurance at a reasonable price because

- A) reimbursement for structural damage is set at replacement cost.
- B) reimbursement for structural damage is set at actual cash value.
- C) the federal government directly reimburses homeowners for 10 % of their losses.
- D) the cost of the policy is subsidized by the federal government.

Answer: <https://biology-forums.com/index.php?topic=505582>

Question 671

On adjustable-rate loans, the lender is required to provide an example of how the monthly payment might change.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504969>

Question 672

On its issuance date, which Treasury security has a maturity of one year or less?

- A) Bonds
- B) Notes
- C) Mortgages
- D) Bills

Answer: <https://biology-forums.com/index.php?topic=505289>

Question 673

You take a long position in a stock when you

- A) lend the stock.
- B) margin the stock.
- C) buy the stock.
- D) sell the stock.

Answer: <https://biology-forums.com/index.php?topic=505066>

Question 674

A financial intermediary that functions as an escrow service

- A) holds the buyers payment until the goods arrive and the buyer approves the payment.
- B) holds the goods until it receives payment from the buyer.
- C) holds the buyers payment until appropriate state taxes are paid.
- D) holds the goods until appropriate state taxes are paid.

Answer: <https://biology-forums.com/index.php?topic=504750>

Question 675

The best choice for someone who makes occasional spur-of-the-moment purchases is

- A) a U.S. Series HH bond.
- B) a passbook savings account.
- C) a certificate of deposit.
- D) a money market mutual fund.

Answer: <https://biology-forums.com/index.php?topic=502439>

Question 676

Effective budgeting in an expense area will lead to a zero variance at year end.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502247>

Question 677

Since cash value insurance is more valuable, it provides death protection at less cost than term insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505943>

Question 678

Which of the following is not a characteristic of most passbook savings accounts?

- A) An unlimited number of deposits or withdrawals each month
- B) Interest rates are higher than money market rates.
- C) No minimum balance requirement
- D) Transactions are often recorded in a passbook.

Answer: <https://biology-forums.com/index.php?topic=502406>

Question 679

Which of the following statements concerning Social Security disability benefits is false?

- A) Social Security benefits replace a smaller percentage of income as earnings increase.

- B) To collect benefits you must be employed immediately preceding the onset of the disability.
- C) If you return to work for a trial period you may be able to continue receiving Social Security benefits for a limited period.
- D) Disability benefits may be payable to your spouse and dependent children.

Answer: <https://biology-forums.com/index.php?topic=505739>

Question 680

You are deciding whether to start a 40-year retirement investing plan now, or ten years from now. You think rates of return will be about the same in the future as they are now. Discussion in the text of this decision shows

- A) the same facts as in response b, but the accumulation is only 10% greater.
- B) an investment made now will accumulate about 20% more (at a 10% rate of interest, compounded annually) than the investment made later.
- C) very little difference in the future value of an investment made now versus one made 10 years from now.
- D) that you will accumulate more in the additional 10 years than you do for the first 30 years.

Answer: <https://biology-forums.com/index.php?topic=502075>

Question 681

Jan showed the following financial items in 2007 and 2008:

	2007	2008
Salary	22,000	20,000
Payroll taxes	4,000	3,500
Other inflexible expenses	11,000	11,000
Flexible expenses	6,000	5,300

In relation to 2007's savings, Jan's savings in 2008

- A) decreased by \$800.
- B) increased by \$200.
- C) increased by \$800.
- D) decreased by \$200.

Answer: <https://biology-forums.com/index.php?topic=502157>

Question 682

"Arbitration" is an industry term for

- A) calculating cost reductions on an auto lease.
- B) negotiations on the sale price of a car.
- C) settling disputes through the decision of an impartial third party.
- D) calculating finance charges on an auto lease.

Answer: <https://biology-forums.com/index.php?topic=504799>

Question 683

A bond with a coupon rate of 10%, a market price of \$800, a maturity of 10 years, and a face value of \$1,000 has a yield to maturity of 16.2%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505388>

Question 684

A Series EE bond is an example of federal income tax avoidance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502389>

Question 685

In making financial decisions, it is more important to know your marginal tax rate than your average tax rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502384>

Question 686

A risk premium is the difference between

- A) the return on an investment and its risk.
- B) the rate of inflation and the return on Treasury bills.
- C) the return on an investment and the return on Treasury bills.
- D) the intrinsic value of an investment and its market price.

Answer: <https://biology-forums.com/index.php?topic=505142>

Question 687

The government provides rules that regulate consumer leasing.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504845>

Question 688

Lou Hinton's savings account (offering 12% simple interest) showed the following activity for the month of June:

Opening balance \$2,000

6/10 Deposit 1,000

6/20 Withdrawal (800)

6/30 Ending Balance 2,200

Interest earned in June with the day-of-deposit-day-of-withdrawal method would be

- A) \$18.67.
- B) \$24.00.
- C) \$28.67.
- D) \$21.33.

Answer: <https://biology-forums.com/index.php?topic=502433>

Question 689

A debit card usually has a 30-day grace period.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504704>

Question 690

"Fund switching" allows investors to switch in and out of IRAs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505476>

Question 691

The strain theory suggests that:

- a. Every culture has certain values, but the structure of society is such that not everyone can realize that value in a socially acceptable way.
- b. The strain that people feel when labels are put on them compels them towards deviance.
- c. When controls are weakened deviance behavior is more likely to occur.
- d. Deviance is defined by those involved in the behavior.

Answer: <https://biology-forums.com/index.php?topic=504534>

Question 692

Which item below is not a characteristic of investment clubs?

- A) Reliance upon stockbrokers for research and advice
- B) Reinvestment of dividends and capital gains
- C) Small monthly dues, in the \$25 range
- D) An opportunity for diversification

Answer: <https://biology-forums.com/index.php?topic=505446>

Question 693

Your annual mortgage payments are \$10,000 of which \$8,000 represents interest payments, your marginal tax rate is about 30%, and you itemize deductions. Home ownership will reduce your tax payments by about how much?

- A) \$7,000
- B) \$3,000
- C) \$2,400
- D) \$5,600

Answer: <https://biology-forums.com/index.php?topic=504874>

Question 694

Service contracts generally represent a cost-saving method that reduces your cost of operations.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504822>

Question 695

A REIT's equity per share is similar to a fund's NAV.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505506>

Question 696

The Alternative Minimum Tax has become an increasing burden for middle income taxpayers, because

- A) it is not indexed for inflation.
- B) of an increase in the ratio of non-wage to wage income.
- C) Congress has repeatedly decreased income limits on who must pay the tax.
- D) an increasing percentage of taxpayers are self-employed.

Answer: <https://biology-forums.com/index.php?topic=502306>

Question 697

Carl Lee lost his wallet at the beach five days ago. Carl is sure there were three credit cards in the lost wallet. Assuming he's right and notifies the banks, Carl can lose as much as _____, assuming he has no private insurance protection.

- A) \$650
- B) \$500
- C) \$ 150
- D) unlimited losses

Answer: <https://biology-forums.com/index.php?topic=504635>

Question 698

Property taxes are

- A) primarily imposed by local and city governments.
- B) primarily imposed by state governments.
- C) are equally likely to be imposed at all levels of government.
- D) primarily imposed by the federal government.

Answer: <https://biology-forums.com/index.php?topic=502329>

Question 699

"Blue sky" laws refer to

- A) state laws protecting investors in intrastate security sales.
- B) municipal laws regulating building heights.
- C) common laws that give shareholders the right to sue fraudulent securities issuers.
- D) federal laws protecting investors in interstate security sales.

Answer: <https://biology-forums.com/index.php?topic=505051>

Question 700

The typical real estate commission is between 2 and 3 percent of the homes selling price.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504954>

Question 701

Lending institutions have been unwilling to experiment with new mortgage formats such as growing equity mortgages or option mortgages.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504992>

Question 702

A low-cost source of credit may be your whole life insurance policy.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504734>

Question 703

Binding arbitration is a method of handling disputes between investors and stockbrokers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505098>

Question 704

When you purchase a product that is sold "as is," the product is

- A) subject to the guarantees as stated in a written document.
- B) provided lemon protection.
- C) not covered by either an implied nor express warranty.
- D) only covered by an implied warranty.

Answer: <https://biology-forums.com/index.php?topic=504753>

Question 705

Constructionist theories assume that deviant behavior is determined by a wide variety of factors such as the biological make-up of the deviant and structure of the larger society.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504594>

Question 706

An example of an inflexible expense is entertainment.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502212>

Question 707

Which economic trend below is not likely to exist in the future?

- A) Persistent business cycles
- B) Inflation at annual rates of 1-3%
- C) A tax system that does not favor some activities over others
- D) A tax system with high tax rates

Answer: <https://biology-forums.com/index.php?topic=502062>

Question 708

Which of the following statements is not true of condominium housing?

- A) The owners of individual units are assessed charges for the maintenance and upkeep of the common areas.
- B) The condominium association holds the mortgages on the individual condominium units.
- C) The owners are able to vote for the directors of the condominium association.
- D) The individual owners have a shared interest in the common areas.

Answer: <https://biology-forums.com/index.php?topic=504866>

Question 709

A listing agreement is

- A) a contract between you and a real estate agent concerning the sale of your home.
- B) a contract between you and a local newspaper for publicity on the sale of your home.
- C) a contract between you and a potential buyer giving the signer first rights on the sale of your home.
- D) a contract between you and the buyer specifying that the title on the home is free of all defects.

Answer: <https://biology-forums.com/index.php?topic=504885>

Question 710

Global income consist of

- A) all income less tax credits.
- B) only earned income.
- C) all income subject to the federal income tax.

D) income from all sources.

Answer: <https://biology-forums.com/index.php?topic=502248>

Question 711

A possible advantage of dollar cost averaging is that it eliminates investors' emotions.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505211>

Question 712

If the accident is your fault, you should make an immediate settlement offer at the scene of the accident.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505678>

Question 713

In the title search, an attorney examines the public records to determine if others have enforceable claims against the property.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504959>

Question 714

A "single" life policy

- A) can only have one beneficiary.
- B) only covers one life.
- C) can be purchased with a single dividend.
- D) only covers single individuals.

Answer: <https://biology-forums.com/index.php?topic=505836>

Question 715

A broker's margin account means the broker shares in your trading gains and losses.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505110>

Question 716

A legal document changing a portion of an existing will is known as

- A) a letter of last instructions.
- B) a codicil.
- C) an easement.
- D) a writ of habeas corpus.

Answer: <https://biology-forums.com/index.php?topic=505900>

Question 717

On a fixed-rate mortgage, the interest paid each month remains the same over the life of the mortgage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504970>

Question 718

Under the Equal Credit Opportunity Act, lenders may not use a numeric scoring system for deciding who may or may not receive credit.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504697>

Question 719

Mike gets arrested for public drunkenness and serves 6 months in jail. He has committed which type of crime?

- a. A felony
- b. A misdemeanor

- c. A major offense
- d. A capital crime

Answer: <https://biology-forums.com/index.php?topic=504578>

Question 720

An advantage of investing in the stock market is that returns are seldom less than 10 percent each year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502578>

Question 721

Individuals with above average amounts of mortgage interest, medical expenses and property taxes are likely to

- A) take only the standard deduction.
- B) take the alternative minimum tax.
- C) take only itemized deductions.
- D) take both itemized deductions and the standard deduction.

Answer: <https://biology-forums.com/index.php?topic=502271>

Question 722

Which of the following represents the most likely order from those who is likely to need insurance the most to who is most likely to need it the least?

- A) Young child, retired with spouse, adult with child
- B) Young child, adult with child, retired with spouse
- C) Retired with spouse, adult with child, young child
- D) Adult with child, retired with spouse, young child

Answer: <https://biology-forums.com/index.php?topic=505818>

Question 723

A real estate investment trust (REIT) is

- A) a limited partnership investing in real estate.
- B) the loan document evidencing transfer of a property.
- C) an agreement between a buyer and seller, contingent upon the availability of financing.
- D) a type of closed-end investment company involved in real estate investment.

Answer: <https://biology-forums.com/index.php?topic=505440>

Question 724

Juanita has the following three ratios: (1) debt service coverage = 2.5, (2) debt ratio = 0.5, and (3) liquidity ratio = 0.8. We can say that Juanita has

- A) strong solvency and strong liquidity.
- B) strong solvency but poor liquidity.
- C) poor solvency and poor liquidity.
- D) strong liquidity but poor solvency.

Answer: <https://biology-forums.com/index.php?topic=502166>

Question 725

Irrevocable trusts can lower estate taxes, but may incur gift taxes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=506001>

Question 726

After reviewing the household budget, you estimate the following auto costs

Ownership cost per mile \$.30

Operating cost per mile .15

Total cost per mile .45

The marginal cost of driving your car another mile is therefore

- A) .90.
- B) .45.
- C) .15.
- D) \$.30.

Answer: <https://biology-forums.com/index.php?topic=504788>

Question 727

Closing costs are also termed

- A) settlement costs.
- B) recognition costs.
- C) buyer costs.
- D) listing costs.

Answer: <https://biology-forums.com/index.php?topic=504899>

Question 728

The interest-adjusted net cost index takes into consideration the time value of money.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505962>

Question 729

Under the simple interest method you pay interest only on the outstanding balance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504713>

Question 730

At any positive rate of interest, a future value will be greater than a present value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502109>

Question 731

Which statement below is false with respect to your investment style in a 401(k) plan?

- A) Be ultra-conservative, select fixed-income annuities.
- B) Be somewhat aggressive, particularly if you are a young person with a long investment horizon.
- C) Be conservative, select money market funds.
- D) Be ultra-aggressive, select risky investments and frequently time the markets.

Answer: <https://biology-forums.com/index.php?topic=505459>

Question 732

You may review your credit report held by a credit bureau

- A) only if you have been denied a home mortgage in the past year.
- B) only if you have been denied credit within the past year.
- C) only if you have been denied employment because of your credit record.
- D) for any reason, including just curiosity.

Answer: <https://biology-forums.com/index.php?topic=504620>

Question 733

Current liabilities are often defined as those

- A) payable over the same maturity as the asset they financed.
- B) that can be liquidated without decreasing your existing net worth.
- C) payable immediately.
- D) payable within one year.

Answer: <https://biology-forums.com/index.php?topic=502140>

Question 734

Any warranty that does not meet the standards set down in law for a full warranty must be labeled a limited warranty.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504819>

Question 735

In mediation an attempt is made to have the parties to the dispute reach their own agreement.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504852>

Question 736

Points paid at closing are for payment of

- A) loan processing.
- B) inspections.
- C) property taxes.
- D) finance charges.

Answer: <https://biology-forums.com/index.php?topic=504902>

Question 737

An IRA contribution may defer taxes on current income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502388>

Question 738

Pooling arrangements would not include

- A) warrants and rights.
- B) investment trusts.
- C) mutual funds.
- D) limited partnerships.

Answer: <https://biology-forums.com/index.php?topic=505022>

Question 739

When the single liability limit is the same as the limit per accident on a split liability limit policy,

- A) the single liability limit will provide the better coverage.
- B) the split liability limit will provide the better coverage.
- C) the better coverage will depend upon the number of people involved in the accident and the severity of the physical injuries.
- D) both policies will provide identical coverage.

Answer: <https://biology-forums.com/index.php?topic=505600>

Question 740

You should be quick to switch life insurance policies based upon comparative returns to cash value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505964>

Question 741

There is strong evidence that financial professionals can successfully engage in market timing.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505217>

Question 742

Adverse selection exists when those with higher risk obtain insurance coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505623>

Question 743

A "payment cap"

- A) limits interest rate increases and decreases on an adjustable-rate loan.
- B) limits interest rate increases on adjustable-rate loans.
- C) limits neither an increase or a decrease in the interest rate on adjustable-rate mortgages.
- D) limits interest rate decreases on adjustable-rate loans.

Answer: <https://biology-forums.com/index.php?topic=504918>

Question 744

A testatrix is

- A) a witness to the signing of the will.
- B) a female beneficiary.
- C) the author of the will.
- D) the probate lawyer.

Answer: <https://biology-forums.com/index.php?topic=505895>

Question 745

Jim Burt has decided to cut classes over Easter week and go to Florida. An opportunity cost of that decision was the cost of the airplane ticket.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502598>

Question 746

In selecting mutual funds for the 401(k) plan, it is prudent to limit your investment to one fund, particularly if the fund had an outstanding return in the previous year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505521>

Question 747

Choosing not to participate in a 401(k) retirement plan in which the employer matches the employee contributions

- A) is a good idea if you are in a high tax bracket.
- B) is usually a good idea if you use your contributions to invest on your own.
- C) means that you give up an opportunity to double your money immediately.
- D) is a good idea because most employers provide retirement plans anyway.

Answer: <https://biology-forums.com/index.php?topic=505455>

Question 748

If a product is sold "as is"

- A) it is not covered by an implied warranty, but can still be covered by an express warranty.
- B) it is not covered by an express warranty, but is covered by an implied warranty.
- C) it is covered by neither express nor implied warranties.
- D) it can still be covered by both express and implied warranties.

Answer: <https://biology-forums.com/index.php?topic=504755>

Question 749

A paragraph added to a policy that amends the original policy is called a(n)

- A) an endorsement.
- B) an umbrella clause.
- C) a floater.
- D) a codicil.

Answer: <https://biology-forums.com/index.php?topic=505584>

Question 750

Pension plans may provide immediate retirement benefits for disabled previous employees.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505805>

Question 751

A stock's required return depends upon

- A) only its beta value.
- B) its beta value and the risk-free rate of return.
- C) its beta value, the risk-free rate of return, the market risk premium, and its alpha value.
- D) its beta value, the risk-free rate of return, and the market risk premium.

Answer: <https://biology-forums.com/index.php?topic=505159>

Question 752

The safest endorsement of a check is a blank endorsement.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502526>

Question 753

Comparing a credit card with a debit card indicates that

- A) debit cards charge higher rates of interest.
- B) they are identical except that debt card can be used in more places.
- C) they are identical except some lenders prefer the name "debit card" over "credit card."
- D) consumer protection with a credit card is stronger than it is with a debit card.

Answer: <https://biology-forums.com/index.php?topic=504641>

Question 754

The "gross capitalized cost" is supposed to most closely represent

- A) the sticker price on the leased car.
- B) the interest payments on the lease.
- C) the negotiated price for the car.
- D) the trade-in value of the leased car.

Answer: <https://biology-forums.com/index.php?topic=504794>

Question 755

Which of the following is least likely to be covered by your homeowners' policy?

- A) Damage to landscaping due to a covered loss
- B) Rented property off your premises
- C) Fees for service calls by the fire department
- D) Removal of property damaged by a covered loss

Answer: <https://biology-forums.com/index.php?topic=505575>

Question 756

In some no-fault states, individuals can sue for medical expenses that exceed a monetary threshold.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505675>

Question 757

Credit counselors often advise individuals to limit their consumer credit (not including home mortgages) to

- A) about 20% of take-home pay.
- B) about 50% of long-term debt.
- C) an amount no greater than 20% of total assets.
- D) an amount that leaves 50% of their discretionary income flexible.

Answer: <https://biology-forums.com/index.php?topic=504667>

Question 758

An HMO may place restrictions on from where and from whom you may receive covered services.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505771>

Question 759

The shorter the maturity of a bond,

- A) the more its price sensitivity and the higher its coupon rate.
- B) the greater its price sensitivity.
- C) the less its price sensitivity.
- D) the higher its coupon rate.

Answer: <https://biology-forums.com/index.php?topic=505317>

Question 760

Alicia has an additional itemized deduction of \$100 and a marginal tax rate of 28%. Alicia's income tax will be reduced by how much as a result of this itemized deduction?

- A) \$128
- B) \$28
- C) \$100
- D) None of the above; her taxes will increase by \$100.

Answer: <https://biology-forums.com/index.php?topic=502288>

Question 761

Investor complaints against brokers are primarily handled through

- A) the Federal Reserve system.
- B) binding arbitration.
- C) the federal court system.
- D) the state court system.

Answer: <https://biology-forums.com/index.php?topic=505050>

Question 762

Moral entrepreneurs lead campaigns to have a certain act defined as deviant and made illegal and are therefore subject to law enforcement.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504606>

Question 763

A disadvantage of mutual funds is that they cannot be used in IRAs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505479>

Question 764

Consumers are mistaken in their belief that the auto manufacturers have a policy of providing secret warranties to select customers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504848>

Question 765

Opportunity costs include only out-of-pocket expenses.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502596>

Question 766

Which item is not true with respect to simplifying the recording of income and expenses?

- A) Use a personal computer, if you own one.
- B) Use cash to pay bills whenever possible.
- C) Code income and expense items on your check stubs and bank deposits.
- D) Use bank-provided bookkeeping services, if they are available and reasonably priced.

Answer: <https://biology-forums.com/index.php?topic=502174>

Question 767

Taxable income equals adjusted gross income minus tax credits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502343>

Question 768

The best description of an asset is

- A) something you either own or control that provides monetary or psychic income.

- B) something you own that has market value.
- C) something you own that has market value and is clear of any debt obligation.
- D) anything of personal value to you.

Answer: <https://biology-forums.com/index.php?topic=502134>

Question 769

Renting is generally the least costly alternative

- A) when property taxes are high.
- B) for smaller families.
- C) when interest rates are low.
- D) for those who move often.

Answer: <https://biology-forums.com/index.php?topic=504877>

Question 770

Over the period 1970 through 2006, the average annual return on stocks was about 11%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505183>

Question 771

Borrowers who believe interest rates are likely to decline prefer fixed rate mortgages.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504975>

Question 772

Insurance companies will often check your credit before they extend you a policy loan.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505950>

Question 773

Reducing the face amount of dwelling protection is an example of risk transfer.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505631>

Question 774

Reservists who experience a drop in income may be able to access retirement accounts without a tax penalty.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502386>

Question 775

Given the data below for the Zoom Corporation, its required return is

1. Beta = 0.8
 2. Expected price appreciation = 7%
 3. Market risk premium = 8%
 4. Risk free rate = 4%
 5. Next year's dividend = \$1.00
 6. Current market price = \$50
- A) 10.4%.
 - B) 12.4%.
 - C) 12.0%.
 - D) 15.0%.

Answer: <https://biology-forums.com/index.php?topic=505253>

Question 776

A bank reconciliation means that the end-of-month balance as show on the bank statement is the same as the end-of-month balance in the check

record.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502531>

Question 777

John cashed in an annuity contract and received \$10,000. John bought the contract 24 years ago for \$5,000. These amounts indicate a contract rate of approximately 3%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502103>

Question 778

Which combination of assets is likely to be most effective in reducing portfolio risk?

- A) Two stocks in the same country, such as GM and IBM
- B) Two stocks in the same industry, such as GM and Ford
- C) Two precious metals, such as gold and silver
- D) One precious metal and one stock, such as gold and GM

Answer: <https://biology-forums.com/index.php?topic=505151>

Question 779

Taxes on the death estate are known as probate costs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505921>

Question 780

A potential employer is prohibited by the Fair Credit Reporting Act from checking your credit report.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504692>

Question 781

A mutual fund's net asset value (NAV) reflects

- A) the amount distributed to shareholders each year.
- B) the market value of all its holdings.
- C) its revenues minus its expenses.
- D) its per-share value in a bankruptcy liquidation.

Answer: <https://biology-forums.com/index.php?topic=505406>

Question 782

Which risk item below is not related to changing economic conditions?

- A) Interest-rate risk
- B) Inflation risk
- C) Financial risk
- D) Business cycle risk

Answer: <https://biology-forums.com/index.php?topic=505139>

Question 783

A debit card is simply a credit card with a larger credit limit and extended payment terms.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504703>

Question 784

Mortgage life and decreasing term provide similarly structured insurance protection.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505939>

Question 785

Points are meant to pay for processing a loan and are not finance charges.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504964>

Question 786

An automobile is usually an example of a lifestyle asset.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502194>

Question 787

Joan insures her house (with a market value of \$50,000, not including \$10,000 for the foundation and lot) with a \$30,000 insurance policy calling for 80% co-insurance. A fire causes \$10,000 worth of structural damage valued at replacement cost. Considering only the information provided, what amount is she likely to collect from the insurance company?

- A) \$6,000
- B) \$7,500
- C) \$10,000
- D) \$5,000

Answer: <https://biology-forums.com/index.php?topic=505559>

Question 788

The person who establishes and funds a trust is known as the

- A) grantor.
- B) executor.
- C) administrator.
- D) testator.

Answer: <https://biology-forums.com/index.php?topic=505910>

Question 789

The probate court may divide and distribute your estate in any manner it desires.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505969>

Question 790

Interest payments on consumer loans are generally tax deductible.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504733>

Question 791

The Mail Order Merchandise Rule covers

- A) only purchases by mail and voice phone.
- B) only purchases by mail, voice phone and fax.
- C) only purchases by mail.
- D) all purchases by mail, voice phone, fax or the Internet.

Answer: <https://biology-forums.com/index.php?topic=504747>

Question 792

Explanatory theories, as they relate to deviance, are concerned with trying to understand and explain why deviance occurs.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504593>

Question 793

The present value of \$500 received at the end of each of the next three years is \$1,243 (assuming a 10% interest rate).

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502095>

Question 794

The marginal tax-rate structure of the income tax makes it possible to earn income that puts you in a higher bracket so that you wind up paying more additional taxes than the additional income you earned.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502369>

Question 795

The most widely held form of health care coverage is employer-provided group insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505751>

Question 796

At an interest rate of 10% it will take approximately how many years to double your investment?

- A) Less than five years
- B) More than 10 years
- C) Between 7 and 8 years
- D) Between 9 and 10 years

Answer: <https://biology-forums.com/index.php?topic=502078>

Question 797

A rating of A++ in Best's Insurance Reports indicates the life insurance company

- A) has provided superior returns to its stockholders.
- B) has had an exceptional growth in sales over the past five years.
- C) is financially stable.
- D) provides low-cost protection.

Answer: <https://biology-forums.com/index.php?topic=505885>

Question 798

Standard and Poor's rates bonds with respect to default risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505392>

Question 799

Universal life

- A) combines term protection and cash value buildup in one convenient policy.
- B) permits the insured to vary premium payments within certain limits.
- C) typically offers a better return on the cash value buildup than traditional whole life policies.
- D) does all of the above.

Answer: <https://biology-forums.com/index.php?topic=505877>

Question 800

Interest returns on cash value policies are only taxed when the policy is surrendered.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505960>

Question 801

A _____ is a more serious crime which is punishable by a year or more in prison.

- a. Misdemeanor
- b. Felony
- c. Infraction
- d. Violation

Answer: <https://biology-forums.com/index.php?topic=504576>

Question 802

In relation to no-load funds, load funds show

- A) significantly poorer performance.
- B) significantly better performance.
- C) about the same performance.
- D) poorer performance but lower operating costs.

Answer: <https://biology-forums.com/index.php?topic=505411>

Question 803

Business cycles are likely to persist in the future.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502581>

Question 804

On the New York Stock Exchange, the function of maintaining an orderly and continuous market is performed by

- A) commission brokers.
- B) specialists.
- C) floor traders.
- D) floor brokers.

Answer: <https://biology-forums.com/index.php?topic=505029>

Question 805

An extended warranty is preferable to a service contract.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504820>

Question 806

Consider the following assets: I. Treasury Strips, II. Coupon Treasury bonds, III. growth stocks, and IV. medium quality corporate bonds. An aggressive investor without high- priority future goals would prefer

- A) I.
- B) II.
- C) III.
- D) IV.

Answer: <https://biology-forums.com/index.php?topic=505450>

Question 807

Which of these investments is most likely to have the highest expected total return?

- A) commodity and financial futures
- B) Preferred stock
- C) Growth stock funds
- D) U.S. Treasury issues

Answer: <https://biology-forums.com/index.php?topic=505013>

Question 808

Expenses that are either due at your death or that you would like to see repaid at your death should be accounted for in the transition fund.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505918>

Question 809

Most young people prefer a savings schedule with decreasing annual deposits to the savings account.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502118>

Question 810

According to Social Security regulations, you were not capable of substantial gainful employment

- A) if you cannot earn more than an annually adjusted monthly minimum.
- B) if you cannot earn at least 40% of what you earned in your pre-injury employment.
- C) if you cannot earn at least 60% of what you earned in your pre-injury employment.
- D) were unable to perform the main duties of any occupation you were fit for by training or experience.

Answer: <https://biology-forums.com/index.php?topic=505738>

Question 811

Last year Ann Heuser's the rate of increase in her nominal income was equal to the rate of inflation; therefore, her real income remained unchanged.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502215>

Question 812

The future value of a \$500 annuity due received for three years is \$_____, assuming an investment rate of 10%.

- A) 1,820.50
- B) 335.65
- C) 665.50
- D) 1,655.00

Answer: <https://biology-forums.com/index.php?topic=502082>

Question 813

The market-to-book ratio is determined by dividing market price by book value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505361>

Question 814

"Basic health care" coverage consists of

- A) heart and cancer insurance.
- B) dreaded disease insurance.
- C) hospital and accident insurance.
- D) hospital insurance, surgical insurance, and medical insurance.

Answer: <https://biology-forums.com/index.php?topic=505685>

Question 815

Tax-deferred retirement plans

- A) are generally preferred for most individuals because they accumulate returns at a pre-tax rate.
- B) are generally preferred because they are safer, having received IRS approval.
- C) are only tax advantageous for those at the highest marginal tax bracket.
- D) are no better than non-tax-deferred plans, because the taxes must eventually be paid.

Answer: <https://biology-forums.com/index.php?topic=506009>

Question 816

Many financial planners recommend that you hold emergency reserve assets equal to _____ months of after-tax income.

- A) 3-6
- B) 5-7
- C) 12-15
- D) 7-12

Answer: <https://biology-forums.com/index.php?topic=502399>

Question 817

The personal exemption allowance is indexed for inflation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502353>

Question 818

Secondary deviance, which is part of the labeling theory, involves early random acts of deviant behavior.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504604>

Question 819

Workers' compensation laws

- A) hold employers liable for all injuries on the job, regardless of who is at fault.
- B) compensate workers for injuries on and off the job.
- C) can force employers to pay unlimited amounts for pain and suffering.
- D) enforce national standards on employee reimbursement for medical expenses.

Answer: <https://biology-forums.com/index.php?topic=505741>

Question 820

Generally, the longer an asset is held, the more likely we are to receive its expected return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505173>

Question 821

With a right of survivorship the proceeds in a joint bank account pass to the surviving account owner.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502525>

Question 822

If you purchase a stock option, the option allows you to

- A) buy stock at the current market price.
- B) sell stock at a stated price.
- C) sell stock at the current market price.
- D) buy stock at a stated price.

Answer: <https://biology-forums.com/index.php?topic=505024>

Question 823

You have just put \$5,000 into an investment that offers a 10% annual yield, using a simple interest calculation. At the end of two years your interest earned will be

- A) \$1,000.
- B) \$1,100.
- C) \$500.
- D) \$550.

Answer: <https://biology-forums.com/index.php?topic=502069>

Question 824

Which item below is not a major planning area?

- A) Balance sheet planning
- B) Consumption-savings planning
- C) Insurance planning
- D) Debt planning

Answer: <https://biology-forums.com/index.php?topic=502558>

Question 825

Under the co-insurance clause the insurance company may reimburse you for less than replacement cost on partial structural damage if the dwelling unit is insured for less than 80% of its replacement cost.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505640>

Question 826

In a straight bankruptcy, you

- A) can maintain some equity interests in certain personal assets, such as your house and car.
- B) lose everything.
- C) must go to court and the judge decides how much you may keep, if anything.
- D) must agree to make monthly interest payments to creditors, but need not repay principal.

Answer: <https://biology-forums.com/index.php?topic=504675>

Question 827

Private mortgage insurance

- A) is typically required when the down payment is less than 20 percent.
- B) is desirable low cost insurance against defective title.
- C) is required on all home mortgages.
- D) can not be cancelled during the entire term of the mortgage.

Answer: <https://biology-forums.com/index.php?topic=504932>

Question 828

An inflation-indexed Treasury bond is adjusted for inflation through changes in its coupon rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505380>

Question 829

With 100/300/10 split auto liability limits, the maximum payout for property damage is

- A) \$300,000.
- B) \$100,000.
- C) \$10,000.
- D) \$450,000.

Answer: <https://biology-forums.com/index.php?topic=505601>

Question 830

Which of the following items are not included in gross income for the calculation of your federal income taxes?

- A) Awards
- B) Bonuses
- C) Wages and salaries
- D) Life insurance benefits
- E) All of the above items are included in gross income.

Answer: <https://biology-forums.com/index.php?topic=502251>

Question 831

A closed-end credit account

- A) must be fully repaid by the end of the billing cycle.
- B) is limited to purchases of less than \$1,000.
- C) establishes an ongoing line of credit covering future purchases.
- D) covers a single purchase with a set repayment schedule.

Answer: <https://biology-forums.com/index.php?topic=504623>

Question 832

Which of the following is most likely covered by your homeowners' insurance?

- A) Your pets
- B) Your personal property left in a locked car
- C) Expensive sound equipment in your car
- D) The property of tenants

Answer: <https://biology-forums.com/index.php?topic=505574>

Question 833

The most common form of shared ownership used by marriage partners is

- A) joint venture.

- B) tenancy in common.
- C) joint tenancy.
- D) fee simple.

Answer: <https://biology-forums.com/index.php?topic=505906>

Question 834

All property in the death estate must be distributed through the will and the probate process.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505990>

Question 835

Your annual mortgage payments are \$10,000 of which \$8,000 represents interest payments, your marginal tax rate is about 30%, and you itemize deductions. Home ownership will reduce your tax payments by about how much?

- A) \$5,600
- B) \$7,000
- C) \$2,400
- D) \$3,000

Answer: <https://biology-forums.com/index.php?topic=504870>

Question 836

Underinsured motorists' coverage protects you when the at-fault motorist has inadequate coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505666>

Question 837

The security agreement establishes the lenders interest in the purchased good.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504712>

Question 838

Early repayment on fixed rate mortgages is not possible when market rates decline.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504974>

Question 839

Replacement cost on the dwelling unit is equal to the cost of rebuilding plus the cost of the lot and the foundation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505638>

Question 840

According to the Mail Order Merchandise Rule the sender

- A) may substitute similar or more expensive goods in place of the goods you have ordered.
- B) may not extend shipment beyond 30 days, unless your consent is obtained.
- C) must reduce the price of goods ordered by 10% if the shipment is extended beyond 30 days.
- D) may extend shipment beyond 30 days as long as you are notified.

Answer: <https://biology-forums.com/index.php?topic=504748>

Question 841

Money magazine is dedicated exclusively to investing.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505132>

Question 842

A 10-year bond with a \$1,000 face value and 6% coupon rate is currently selling in the bond market for \$1,200. Its current yield is

- A) 8%.
- B) 5%.
- C) 10%.
- D) 6%.

Answer: <https://biology-forums.com/index.php?topic=505307>

Question 843

A decline in the Housing Affordability Index indicates that housing

- A) is now more difficult for the typical family to purchase and finance.
- B) prices and family income have increased.
- C) prices and family income have declined.
- D) prices have declined and family income has increased.

Answer: <https://biology-forums.com/index.php?topic=504856>

Question 844

Which of these investments is most likely to have the highest expected risk?

- A) U.S. Treasury issues
- B) commodity and financial futures
- C) Preferred stock
- D) Growth stock funds

Answer: <https://biology-forums.com/index.php?topic=505014>

Question 845

An income stock is one you expect to show a high level of net income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505335>

Question 846

During inflationary periods, cash assets serve poorly as a store of value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502448>

Question 847

For most individuals, which item below is an example of a lifestyle asset?

- A) 100 shares of IBM stock
- B) A new car
- C) \$2,000 in a savings account
- D) \$10,000 vested interest in an employer's retirement plan

Answer: <https://biology-forums.com/index.php?topic=502138>

Question 848

To purchase insurance you must have an insurable interest.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505622>

Question 849

In which of the following policies does the face amount of the policy decrease at a set age?

- A) Modified whole life
- B) Level renewable term
- C) Deposit term
- D) Whole life

Answer: <https://biology-forums.com/index.php?topic=505873>

Question 850

The "beneficiaries" named on an insurance policy are those who

- A) buy the policy.
- B) issue the policy.
- C) are protected by the policy.
- D) own the policy.

Answer: <https://biology-forums.com/index.php?topic=505851>

Question 851

One of the two major purposes of estate planning mentioned by the author is to

- A) avoid leaving a death estate by engaging in life transfers.
- B) accumulate as much wealth as possible.
- C) avoid transfers of assets that pass through probate.
- D) transfer your assets at death in a manner consistent with your wishes.

Answer: <https://biology-forums.com/index.php?topic=505887>

Question 852

The Hope Scholarship Credit

- A) may be claimed for only one student on a single family's return.
- B) is available for the first two-years of postsecondary education.
- C) may be taken along with the Lifetime Earning Credit in any given year.
- D) is available to all, regardless of income.

Answer: <https://biology-forums.com/index.php?topic=502319>

Question 853

Only scheduled personal property is covered by homeowners' insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505646>

Question 854

Universal-variable life combines the important characteristics of both universal life and variable life.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505948>

Question 855

Part of your auto lease payments represents finance charges and are, therefore, deductible against your ordinary income on federal tax form.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504846>

Question 856

A revolving credit account

- A) must be renewed each billing period.
- B) requires complete repayment each billing period.
- C) is for large purchases with a set repayment schedule.
- D) allows you to make purchases up to a credit limit.

Answer: <https://biology-forums.com/index.php?topic=504625>

Question 857

A REIT is an equity trust.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505504>

Question 858

Two organizations that help low-income earners obtain mortgages are the

- A) VA and the FRB.
- B) DOL and the VA.
- C) VA and the FHA.

D) FRB and the FHA.

Answer: <https://biology-forums.com/index.php?topic=504933>

Question 859

Long term custodial care is typically not reimbursed under the standard health insurance policy.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505765>

Question 860

Most preferred stocks

- A) have redemption dates of 10 years or less and \$1,000 redemption values.
- B) have redemption dates of 10 years, or less.
- C) have \$1,000 redemption values.
- D) are issued in perpetuity.

Answer: <https://biology-forums.com/index.php?topic=505320>

Question 861

Data for a share of common stock of ABC Company appear below:

Dividend: 2005 actual \$ 1.000

2006 actual 1.100

2007 actual 1.210

2008 expected 1.331

Current market price per share: \$20.000

Assuming the dividend pattern above will continue in the future and also assuming that it is the first of January, 2008, the estimated future return for the stock is

- A) 10.00%.
- B) 6.67%.
- C) 16.67%.
- D) 6.05%.

Answer: <https://biology-forums.com/index.php?topic=505248>

Question 862

There are many reasons why people buy life insurance. Of these

- A) the best reason is the forced savings generated by term life insurance.
- B) the best reason is the protection provided your beneficiaries.
- C) the best reason is the interest return on ordinary life.
- D) none have proven important for most families.

Answer: <https://biology-forums.com/index.php?topic=505816>

Question 863

Under a defined contribution health care plan the employer provides the employee money to purchase health care benefits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505781>

Question 864

Ben Fasby has taxable income of \$7,000, and the following tax rate schedule is applicable:

Taxable Income Tax Rate

\$0 to \$3,400 0 %

\$3,400 to \$5,500 12 %

\$5,500 to \$7,600 14 %

Ben's marginal tax rate is

- A) 8.3%.
- B) 12.0%.
- C) 6.6%.
- D) 14.0%.

Answer: <https://biology-forums.com/index.php?topic=502282>

Question 865

If total assets are \$80,000 and net worth is \$20,000, the debt ratio is 1.33.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502224>

Question 866

A sector fund invests in only one industry.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505475>

Question 867

Rates of interest on passbook savings are usually lower than rates available on other savings accounts.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502454>

Question 868

A stop order is simply a market order that is automatically triggered at a specific market price.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505121>

Question 869

Property taxes may be taken as an itemized deduction on your federal tax return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502365>

Question 870

In larger firms, COBRA requires that employers must offer terminating employees who cannot obtain alternative group insurance coverage

- A) government sponsored health insurance.
- B) continued group insurance coverage that is convertible to individual coverage.
- C) an individual policy at termination.
- D) counseling on how alternative coverage might be obtained individually.

Answer: <https://biology-forums.com/index.php?topic=505719>

Question 871

The right to share in earnings means that common stockholders must be paid a dividend whenever preferred dividends or bond interest is paid.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505326>

Question 872

The mortgage clause

- A) provides for periodic insurance payments.
- B) ensures that you have an insurable interest in the home.
- C) ensures that the face amount of the policy covers the remaining balance on the loan.
- D) ensures that the lender receives insurance payouts for structural damage to the home.

Answer: <https://biology-forums.com/index.php?topic=505564>

Question 873

Under the discount method for calculating monthly payments on a consumer loan,

- A) the lender deducts the interest to be paid on the loan from the credit extended you at the beginning of the loan.
- B) you reduce the amount owed by interest income from an escrow account.
- C) the lender reduces the monthly payments by the sale price reduction.
- D) you deduct the down payment on the sale from the final monthly payment.

Answer: <https://biology-forums.com/index.php?topic=504648>

Question 874

You can purchase newly-issued Series HH bonds at any bank.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502549>

Question 875

The Lei Fund had a risk-adjusted rate of return (RAROR) last year of -3.0%. This means

- A) the overall market performed poorly.
- B) the fund outperformed the overall market.
- C) the fund underperformed the overall market.
- D) the fund had a negative beta.

Answer: <https://biology-forums.com/index.php?topic=505432>

Question 876

Defined contribution health plans

- A) generally benefit older workers.
- B) provide medical care insurance in retirement.
- C) typically cover 100 percent of health insurance premiums.
- D) provide a voucher or a set amount of money for you to purchase health insurance.

Answer: <https://biology-forums.com/index.php?topic=505721>

Question 877

In preparing an annual budget, allow for unexpected events by stating broad and general goals.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502232>

Question 878

The following is a correct order of decreasing liquidity: pocket money, checking account, passbook savings account, money market deposit account, CD.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502522>

Question 879

All bonds face default risk but only some face interest-rate risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505390>

Question 880

The following returns were earned last year: Fund A, 10%, Fund B, 20%, the overall market, 11%. Fund A's beta was 0.8 while Fund B's was 2.0. Therefore, both funds would have been good investments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505486>

Question 881

If the collision is your fault, collision damage will not reimburse you for your property loss.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505668>

Question 882

The following returns were earned last year: Fund A, 10%, Fund B, 18%, the overall market, 14%. Fund A's beta was 0.8 while Fund B's was 2.0. Therefore, the best investment was Fund A.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505483>

Question 883

All things equal, analysts prefer companies with low, rather than high, PEG ratios.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505356>

Question 884

Assets held in joint tenancy with the right of survivorship will pass outside of the will and the probate process.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505991>

Question 885

Joe wants to go out this weekend but he has no money. He thinks about stealing some money from a co-worker but he doesn't, as he is aware this is morally wrong. This is an example of which theory as it relates to deviance?

- a. Strain theory
- b. Social control theory
- c. Labeling theory
- d. Primary deviance theory

Answer: <https://biology-forums.com/index.php?topic=504541>

Question 886

The higher the rate of interest you can earn on your investments, the _____ it is to prepay an installment loan.

- A) less appealing
- B) more appealing
- C) There is no connection between the two.
- D) The connection can be made more specific; any time your investment rate exceeds the loan APR, you should prepay the loan.

Answer: <https://biology-forums.com/index.php?topic=504674>

Question 887

Most U.S. families save less than 6% of their disposable incomes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502227>

Question 888

Which of the following statements is not true of cooperative housing?

- A) The shareholders lease the individual units from the corporation.
- B) The cooperative has a corporate form with the individual owners holding shares in the corporation.
- C) The shareholders can sell their ownership in the cooperative to anyone they want.
- D) The cooperative holds the mortgages on the individual units.

Answer: <https://biology-forums.com/index.php?topic=504868>

Question 889

A good rule of thumb is that an emergency fund should

- A) equal the difference between annual pre-injury family income and annual post-injury family income.
- B) equal about three to six months of survivors expenses.
- C) equal annual pre-injury family income.
- D) not be separately included in your estimate of insurance needs, if you have properly accounted for those needs elsewhere in your maintenance estimate.

Answer: <https://biology-forums.com/index.php?topic=505828>

Question 890

Which of following statements is false?

- A) If your coverage is guaranteed renewable, your coverage will continue as long as you pay your premiums.
- B) A coinsurance clause may require that you pay a specified percent of you medical expenses.

- C) A comprehensive health insurance policy can limit the total amount paid out under the policy.
D) A preexisting conditions clause can make it easy for you to change insurers.

Answer: <https://biology-forums.com/index.php?topic=505705>

Question 891

With an open listing agreement

- A) The broker who is willing to sell your home for the lowest commission receives an exclusive right to sell.
B) the first agent to list your home is entitled to half the commission on the sale.
C) any agent can broker your home. The commission goes to the agent who locates a buyer.
D) the first agent to list your home is entitled to the full commission on the sale.

Answer: <https://biology-forums.com/index.php?topic=504886>

Question 892

Evaluating the performance of a mutual fund involves which of the following activities?

- I. Determining its rate of return
II. Calculating its net asset value
III. Examining its turnover ratio
IV. Examining its administrative expenses
A) I, III, and IV
B) I and II
C) II, III, and IV
D) All four

Answer: <https://biology-forums.com/index.php?topic=505425>

Question 893

No-fault insurance is a clause in all family auto policies that permits the insured to collect from his or her own insurer only when neither party to the accident is at fault.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505674>

Question 894

In which of the following losses are you not likely to have an insurable interest?

- A) Damage to your home from a hurricane
B) The death of your spouse
C) An oil spill in Alaska that destroys wildlife
D) The death of your child

Answer: <https://biology-forums.com/index.php?topic=505535>

Question 895

In a short sale the lender agrees to receive less than the full value of the mortgage.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505004>

Question 896

Which item below is not true of a Ginnie Mae bond?

- A) It is issued by the GNMA.
B) It is based on a pool of mortgages.
C) It usually has a lower yield than a Treasury bond.
D) Ginnie Mae purchases mortgages from banks.

Answer: <https://biology-forums.com/index.php?topic=505298>

Question 897

Investment clubs are formed by brokerage firms who then manage the club's portfolio.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505512>

Question 898

Highly volatile inflation rates and earning rates make goal planning a useless activity.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502125>

Question 899

A written document transferring ownership of the home to the buyer is known as the

- A) title.
- B) listing agreement.
- C) deed.
- D) offer to purchase.

Answer: <https://biology-forums.com/index.php?topic=504894>

Question 900

Using a margin account

- A) reduces your gains and losses.
- B) magnifies your gains and losses
- C) only reduces your gains
- D) only reduces your losses.

Answer: <https://biology-forums.com/index.php?topic=505063>

Question 901

If the future value of an ordinary annuity is \$8,000, the future value of an annuity due is \$7,200 given a 10% interest rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502106>

Question 902

Value Line and Moody's are investment advisory services.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505125>

Question 903

The objective of tax planning is to get a large refund at filing time.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502383>

Question 904

Your choice of physician care will be greater if you join an HMO with

- A) an individual practice arrangement.
- B) an indemnification agreement.
- C) preferred provider arrangement.
- D) a group-staff arrangement.

Answer: <https://biology-forums.com/index.php?topic=505712>

Question 905

In most states all but one of the following factors may be used to determine your auto insurance premium. Which is the correct answer?

- A) Place of residence
- B) Driving record
- C) Age
- D) Gender
- E) All of the above are generally used to determine your auto insurance premium.

Answer: <https://biology-forums.com/index.php?topic=505615>

Question 906

Arbitration should be avoided because it is a slow and costly process.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504850>

Question 907

People suffering from sticker shock probably have

- A) underestimated inflation.
- B) underestimated their nominal income.
- C) overestimated their real income.
- D) overestimated inflation.

Answer: <https://biology-forums.com/index.php?topic=502159>

Question 908

The following returns were earned last year: Fund A, 10%, Fund B, 24%, the overall market, 14%. Fund A's beta was 0.8 while Fund B's was 2.0. Therefore, the best investment was the overall market.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505485>

Question 909

Under the Fair Debt Collection Practices Act (FDCPA), a debt collector

- A) must give you a written notice describing your debt in detail and what to do if you feel you do not owe the debt.
- B) cannot use abusive tactics to force you to pay a debt, but can contact your employer and seek his/her help.
- C) is permitted all forms of communication with you until the debt is resolved.
- D) can continue collection efforts until you pay off your debts in total.

Answer: <https://biology-forums.com/index.php?topic=504677>

Question 910

An inflation guard endorsement on a homeowner's insurance policy

- A) ensures that insurance premiums will not rise faster than the average price of a new home.
- B) indexes copayments to the cost of living.
- C) periodically increases the face amount of dwelling protection to reflect changes market value.
- D) ensures that insurance premiums will not rise faster than the general price level.

Answer: <https://biology-forums.com/index.php?topic=505560>

Question 911

The standard deduction is smallest for

- A) those filing as a head of household.
- B) married couples filing jointly.
- C) single filers.
- D) those over age 65.

Answer: <https://biology-forums.com/index.php?topic=502269>

Question 912

Stockholder voting rights allow one vote per one shareholder.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505324>

Question 913

The least effective method of protecting against overdrafts generally is to

- A) maintain a larger-than-normal account balance.
- B) ignore them since banks do not charge for overdrafts.
- C) arrange for automatic transfers from a savings account.
- D) arrange for a credit-card loan to cover the overdraft.

Answer: <https://biology-forums.com/index.php?topic=502417>

Question 914

A "limited" warranty means the warranty is for a limited period of time.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504817>

Question 915

With a cash account you must pay for the stock within three days of purchase.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505107>

Question 916

Most financial planners will advise you to begin retirement planning

- A) as soon as you enter the work force.
- B) when you are eligible for Social Security.
- C) when you reach 30 years of age.
- D) when you are ready to retire.

Answer: <https://biology-forums.com/index.php?topic=506003>

Question 917

Huey Looz had an unpaid balance of \$200 on his credit account last month. This month he charged \$100 and made a payment of \$20. Using the previous balance method and an APR of 18%, Huey owes \$2.70 interest this month.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504699>

Question 918

The iron law of risk and return means that

- A) as a beginning investor you run the risk of substantial investment losses.
- B) to earn higher investment return you run the risk of filing a fraudulent tax return.
- C) to earn higher investment returns you must undertake higher investment risk.
- D) most investments require your strict adherence to securities laws.

Answer: <https://biology-forums.com/index.php?topic=505133>

Question 919

To receive medical insurance benefits through Medicare, participants must pay a premium.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505786>

Question 920

The main function of a balance sheet is to show your net worth at a point in time.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502182>

Question 921

A warranty of merchantability means that

- A) the good should prove suitable for the purpose it was purchased.
- B) the buyer should pay no more for the good than must be paid for similar goods in its class.
- C) within a period of time immediately following the sale of the good there is a money-back guarantee if not fully satisfied.
- D) the buyer has the right to expect that the good is of the same quality as similar goods in its class.

Answer: <https://biology-forums.com/index.php?topic=504759>

Question 922

Risk retention for minor losses is a recommended risk management strategy.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505629>

Question 923

In relation to an ordinary annuity paid in any given year, an annuity due is

- A) an equal amount.
- B) an unrelated amount.
- C) a smaller amount.
- D) a larger amount.

Answer: <https://biology-forums.com/index.php?topic=502080>

Question 924

Liability insurance protects you and your family from the negligence of others.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505618>

Question 925

In a managed care program your primary care physician serves as a gatekeeper to network services.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505768>

Question 926

Dollar cost averaging

- A) is an attempt to buy stocks over time at an average alpha value.
- B) invests an equal amount of funds in an asset at periodic intervals.
- C) is a technique to buy stocks, using their betas as guides.
- D) attempts to invest an average amount of funds in each portfolio asset.

Answer: <https://biology-forums.com/index.php?topic=505166>

Question 927

Federal deposit insurance

- A) protects each deposit account up to \$100,000.
- B) protects each depositor up to \$100,000.
- C) protects both the deposit and depositor up to \$1,000,000.
- D) is available only by depositor choice and then a small fee must be paid.

Answer: <https://biology-forums.com/index.php?topic=502402>

Question 928

The returns on Asset A are strongly, negatively correlated with Asset B's returns; thus, holding the two assets together will

- A) have little or no effect on portfolio risk.
- B) significantly reduce portfolio risk.
- C) significantly increase portfolio risk.
- D) significantly reduce portfolio return.

Answer: <https://biology-forums.com/index.php?topic=505148>

Question 929

The law limits the amount and kinds of activities debt collectors may use in an effort to collect unpaid loans.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504743>

Question 930

Which of the following statements on the voting rights of common stockholders is false?

- A) Some stocks are classified as non-voting.
- B) In most cases you have one vote for each share of stock you own.
- C) You may assign your voting rights to another individual.
- D) Stockholders who fail to exercise their voting rights may lose the right.

Answer: <https://biology-forums.com/index.php?topic=505221>

Question 931

Kathy charged her groceries on her credit card. The cost of the groceries is now a

- A) noncurrent asset.
- B) current asset.
- C) noncurrent liability.
- D) current liability.

Answer: <https://biology-forums.com/index.php?topic=502143>

Question 932

If your affordable home mortgage is \$100,000 and you need a 20% down payment, your affordable home purchase price is

- A) \$125,000.
- B) \$80,000.
- C) \$100,000.
- D) \$144,000.

Answer: <https://biology-forums.com/index.php?topic=504864>

Question 933

Which one of the following coverages is provided only through a federal government-sponsored program?

- A) Flood insurance
- B) Earthquake insurance
- C) Liability insurance
- D) Lightning insurance

Answer: <https://biology-forums.com/index.php?topic=505591>

Question 934

Expressing future return in the total return equation is usually done by estimating

- A) the stock's beta.
- B) the expected annual growth in dividends or EPS.
- C) overall economic growth, expressed as a percentage.
- D) the current yield and then doubling or tripling it as seems appropriate for the stock in question.

Answer: <https://biology-forums.com/index.php?topic=505246>

Question 935

Statistical correlation studies of returns of the three key financial assets indicates that

- A) it makes sense to hold Treasury bonds and Treasury bills together, but not stocks.
- B) there is rather poor correlation among their returns.
- C) holding a portfolio of all three assets increased return and decreased risk.
- D) there is strong positive correlation among their returns.

Answer: <https://biology-forums.com/index.php?topic=505149>

Question 936

Credit scores

- A) have been eliminated by most credit agencies because they tend to violate fair credit laws.
- B) may be reviewed by potential employers and may influence whether or not you are hired
- C) are not generally made available to consumers.
- D) utilize guidelines established under the Fair Credit Reporting Act for assessing your credit worthiness.

Answer: <https://biology-forums.com/index.php?topic=504627>

Question 937

Which alternative below is not a bond retirement method?

- A) Forced liquidation
- B) Redemption at maturity
- C) Conversion into shares of common stock
- D) Exercising a bond call

Answer: <https://biology-forums.com/index.php?topic=505283>

Question 938

The purchase contract should be reviewed by a lawyer.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504961>

Question 939

Interest earned on the cash component of a life insurance policy is not taxes at the time it is credited to the cash component.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505958>

Question 940

Earnest money indicates that the purchase offer was made in good faith.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504962>

Question 941

Medical expenses can be claimed as itemized expenses without any limitations.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502363>

Question 942

A periodic share repurchase plan allows investors to buy more shares by reinvesting dividends they receive on a company's stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505334>

Question 943

You can earn 10%. If you hope to accumulate \$20,000 in 4 years, you must make annual investments (end of period) of \$3,918.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502120>

Question 944

Workers' compensation provides state-mandated benefits for those with a job related injury or illness.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505808>

Question 945

Military allowances for living, traveling and moving are typically excluded from federal gross income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502385>

Question 946

In most situations, it is inadvisable to purchase a service contract because

- A) serious problems will be covered under your homeowners' insurance protection.
- B) the cost exceeds the expected benefits.
- C) the product is already covered under an extended warranty.
- D) of "lemon" protection guaranteed under state law.

Answer: <https://biology-forums.com/index.php?topic=504766>

Question 947

Among other things, a well-planned budget

- A) forces you to choose among competing activities.
- B) assures a positive savings each month.
- C) must include many categories of income and expense items.

D) plans for savings of at least 20% of your after-tax income.

Answer: <https://biology-forums.com/index.php?topic=502169>

Question 948

An express warranty must be in writing.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504807>

Question 949

A DRIP is one form of dollar cost averaging.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505213>

Question 950

Comprehensive health insurance reimburses 100 percent of covered services.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505755>

Question 951

Alicia has a tax credit of \$100 and a marginal tax rate of 28%. Alicia's income tax will be reduced by how much as a result of the credit?

- A) \$100
- B) \$128
- C) \$28
- D) None of the above; her taxes will increase by \$100.

Answer: <https://biology-forums.com/index.php?topic=502290>

Question 952

Young people most likely prefer a savings schedule with

- A) increasing annual deposits.
- B) negative balances in the early years.
- C) a zero ending balance.
- D) decreasing annual deposits.

Answer: <https://biology-forums.com/index.php?topic=502092>

Question 953

You may be eligible for Social Security disability income payments if you can demonstrate that

- A) your disability is total and permanent.
- B) your disability is total and will last for at least a year or result in death.
- C) for a period of at least six months you will not be able to work in the occupation for which you were trained.
- D) for a period of at least one year you will not be able to work in the occupation for which you were trained.

Answer: <https://biology-forums.com/index.php?topic=505740>

Question 954

Management by objective begins with setting goals.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502233>

Question 955

Property loss insurance provides protection from all but one of the following. Which one is not covered by property loss insurance?

- A) Damage to your property resulting from natural disasters
- B) The financial harm that your negligence causes others
- C) Your financial loss due to the negligence of others
- D) Your financial loss due to your own negligence

Answer: <https://biology-forums.com/index.php?topic=505526>

Question 956

In the absence of a valid will, the court will appoint a person known as the "executor" to manage the death estate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505973>

Question 957

Ulrich is in a 28% tax bracket and has a credit of \$100. Ulrich will save \$100 in taxes because of the credit.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502371>

Question 958

The future value of \$5,000 invested today at 3% interest compounded annually for 5 years is

- A) \$5,796.
- B) \$5,628.
- C) \$5,255.
- D) \$5,520.

Answer: <https://biology-forums.com/index.php?topic=502073>

Question 959

Your final tax liability equals your initial tax liability minus any tax credits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502368>

Question 960

The face value of a bond is also its market value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505366>

Question 961

You invest \$100 today in a two-year certificate of deposit that pays a 10% annual interest rate compounded annually. At maturity, your CD will give you \$120.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502096>

Question 962

Death protection is not the most important reason for purchasing life insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505915>

Question 963

Geographic areas that are controlled by corporations rather than the nation-state in which they exist are referred to as _____.

- a. Enterprise zones
- b. Free-trade zones
- c. Occupied zones
- d. Transfer zones

Answer: <https://biology-forums.com/index.php?topic=504589>

Question 964

Under the typical leasing agreement, over the term of the lease you do not accumulate any equity in the leased vehicle.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504843>

Question 965

You have just put \$5,000 into an investment that offers a 10% annual yield, with interest compounded annually. Your total interest earned after two years will be

- A) \$1,100.
- B) \$550.
- C) \$1,050.
- D) \$1,000.

Answer: <https://biology-forums.com/index.php?topic=502070>

Question 966

Many financial planners have suggested that you

- A) purchase term insurance instead of cash value insurance, and invest the difference.
- B) purchase cash value insurance instead of term insurance, and invest the difference.
- C) purchase variable life insurance instead of universal life insurance, and invest the difference.
- D) purchase universal life insurance instead of variable life insurance, and invest the difference.

Answer: <https://biology-forums.com/index.php?topic=505882>

Question 967

An increase in the market price of a preferred stock would

- A) increase the stock's current yield.
- B) decrease the stock's yield to maturity.
- C) decrease the stock's current yield.
- D) increase the stock's yield to maturity.

Answer: <https://biology-forums.com/index.php?topic=505322>

Question 968

Limit orders stay in effect until they are cancelled or executed.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505124>

Question 969

The market risk premium is the expected return for accepting overall market risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505197>

Question 970

Life insurance policies that have dividend payments are known as

- A) renewable life policies.
- B) participating life policies.
- C) modified life policies.
- D) term life policies.

Answer: <https://biology-forums.com/index.php?topic=505844>

Question 971

John is a drug dealer who wants to make quick money. According to the strain theory, John is an example of a:

- a. Rebellionist
- b. Innovator
- c. Conformist
- d. Retreatist

Answer: <https://biology-forums.com/index.php?topic=504536>

Question 972

Whole life insurance is also called ordinary life insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505942>

Question 973

The Elephant Man is an example of someone who had a _____ placed on him by others who defined him as deviant due to his appearance.

- a. Stigma
- b. Blemish
- c. Flaw
- d. Mark

Answer: <https://biology-forums.com/index.php?topic=504568>

Question 974

A bequest is

- A) a state-mandated distribution of one's property.
- B) a formal search for the deceased's assets.
- C) the same as a per capita distribution of property.
- D) also termed a legacy.

Answer: <https://biology-forums.com/index.php?topic=505897>

Question 975

Option and 2/28 mortgages have helped ease the subprime mortgage crisis.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504990>

Question 976

An HMO is both an insurer and provider of medical care.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505773>

Question 977

Adjustable rate mortgages

- A) impose higher risk on the borrower, but offset the additional risk with lower initial interest payments.
- B) offer lower risk for the borrower, but offset the lower risk with higher interest payments.
- C) offer both lower risk and lower initial interest payments for the borrower.
- D) impose both higher risk and higher initial interest payments on the borrower.

Answer: <https://biology-forums.com/index.php?topic=504915>

Question 978

When you amortize a loan, you satisfy the obligation with periodic payments of principal and interest.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504979>

Question 979

A stock with a 1.5 beta would have 50% more risk than the overall market.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505199>

Question 980

Investment clubs generally offer the possibility of diversification.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505513>

Question 981

Mary downloaded some music from a site on the Internet and didn't pay for it, and thought her actions weren't illegal since many friends of hers had done the same. Mary is an example of a:

- a. Non-deviant customer
- b. Deviant consumer
- c. Deviant consumer
- d. Rebellionist

Answer: <https://biology-forums.com/index.php?topic=504527>

Question 982

A stock has a beta value of 1.5. If the risk-free rate is 3% and the market risk premium is 8%, the stock's required return is 15%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505347>

Question 983

An appealing feature of municipal bonds is they are immune from defaults.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505385>

Question 984

You can minimize the average annual depreciation on your car by

- A) trading in the old car every three years for a new model.
- B) extending the holding period.
- C) choosing the loan with the lowest APR.
- D) trading the old car each year for a new model.

Answer: <https://biology-forums.com/index.php?topic=504782>

Question 985

If a company shows a loss in a given year, it cannot pay a dividend on the common stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505327>

Question 986

The preemptive right allows shareholders

- A) to convert their shares of stock into bonds, if dividends are not paid.
- B) to maintain their proportionate ownership interest in the corporation.
- C) to overthrow existing corporate officers if they fail to earn profits.
- D) to receive a dividend before interest is paid to bondholders.

Answer: <https://biology-forums.com/index.php?topic=505224>

Question 987

The Maloney Act led to the creation of

- A) the American Arbitration Association (AAA).
- B) the Securities and Exchange Commission (SEC).
- C) the National Association of Securities Dealers (NASD).
- D) the Securities Investor Protection Commission (SIPC).

Answer: <https://biology-forums.com/index.php?topic=505045>

Question 988

If you expect interest rates to rise in the future, which type of mortgage loan (shown below) would you prefer?

- A) Adjustable rate
- B) Graduated payment
- C) Fixed rate
- D) Shared appreciation

Answer: <https://biology-forums.com/index.php?topic=504925>

Question 989

You purchased 100 shares of KLM at \$60 a share by depositing the minimum amount of margin. If the initial margin requirement was 50% and the maintenance margin requirement is 30%, you will get a margin call if KLM's price falls to

- A) \$18.
- B) \$40.
- C) \$20.
- D) \$43.

Answer: <https://biology-forums.com/index.php?topic=505061>

Question 990

A budget should set optimistic goals even though it may be difficult to achieve them.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502229>

Question 991

After-tax profits must be paid to stockholders as dividends.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505329>

Question 992

You should insure your property for more than its replacement cost.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505626>

Question 993

When there is only the possibility of accidental loss, there is

- A) default risk.
- B) fortuitous risk.
- C) speculative risk.
- D) pure risk.

Answer: <https://biology-forums.com/index.php?topic=505528>

Question 994

Before the era of the Great Recession of 2008, those who saved their money instead of spending it were known as:

- a. Deviant consumers
- b. Non-deviant consumers
- c. Dangerous consumers
- d. Safe consumers

Answer: <https://biology-forums.com/index.php?topic=504528>

Question 995

To evaluate a prepayment decision, you need to know your investment rate in addition to the amount of interest saved by prepayment.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504722>

Question 996

It is often good tax advice to sell securities that show capital losses.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502387>

Question 997

One disadvantage of a limited partnership is that it is usually difficult to sell your partnership interest.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505509>

Question 998

The risk that your house may be destroyed by fire is a "speculative" risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505620>

Question 999

A disadvantage of an exchange-traded fund is their frequent portfolio turnover and high operating costs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505494>

Question 1000

The cost of operating an automobile represents a variable cost.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504834>

Question 1001

Federal law requires that all lenders use the FHLB Mortgage Contract Rate as the interest rate adjustment index on adjustable-rate mortgages.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504983>

Question 1002

Little, Inc. paid a 10 percent stock dividend. Prior to the dividend, the stock's price was \$100 a share. Immediately after the dividend, the price will

- A) increase to \$110.00 a share.
- B) decrease to \$80.67 a share.
- C) decrease to \$90.91 a share.
- D) do nothing in particular because of the dividend.

Answer: <https://biology-forums.com/index.php?topic=505233>

Question 1003

The "adjusted balance method" is more favorable to consumers than the "previous balance method."

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504698>

Question 1004

A mutual fund is a pooling arrangement.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505086>

Question 1005

The FTC found that dealer financing was often only an advertising gimmick providing the buyer with no real cost savings.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504825>

Question 1006

Money market deposit accounts are not as safe as money market mutual funds.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502457>

Question 1007

A quotation for a company listed on the New York Stock Exchange would not show

- A) its book value.
- B) the number of shares traded.

- C) its P/E ratio.
- D) its dividend yield.

Answer: <https://biology-forums.com/index.php?topic=505242>

Question 1008

The maximum number of exemption allowances in a tax year is six.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502354>

Question 1009

Your personal balance sheet provides

- A) a pro forma budget for the coming year.
- B) an illustration of how your wealth has changed over time.
- C) a summary estimate of your expenses and income over the previous year.
- D) an estimate of your net worth at a point in time.

Answer: <https://biology-forums.com/index.php?topic=502147>

Question 1010

An organized exchange refers to

- A) a swap of common stock for bonds arranged by a broker.
- B) criminal influences in the securities markets.
- C) a group of investors investing in limited partnerships.
- D) a physical place where securities transactions are made.

Answer: <https://biology-forums.com/index.php?topic=505026>

Question 1011

Under an Point of Service HMO

- A) you may select non-HMO providers at no additional cost.
- B) you may select non-HMO providers if you are willing to incur additional costs.
- C) all employees must enroll after a preliminary waiting period.
- D) all employees may enroll after a preliminary waiting period.

Answer: <https://biology-forums.com/index.php?topic=505714>

Question 1012

With all risks coverage the insurance company must reimburse you for damages unless it can prove the loss was due to a specifically excluded peril.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505636>

Question 1013

A mortgage bond is more secure than a debenture.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505376>

Question 1014

A seller of mail order merchandise must get your approval for delaying a shipment more than 30 days or refund you your money.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504804>

Question 1015

An open-end fund differs from a closed-end fund in that the open-end fund does not limit the kinds of securities it buys.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505464>

Question 1016

Alimony received is included as a gross income item.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502352>

Question 1017

The social control theory focuses on the reasons why people do not commit deviant acts, and was created by Travis Hirschi.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504598>

Question 1018

An ordinary annuity assumes _____-of-period payments, while an annuity due assumes _____-of-period payments.

- A) end; middle
- B) beginning; middle
- C) end; beginning
- D) beginning; end

Answer: <https://biology-forums.com/index.php?topic=502084>

Question 1019

Which of the following relationships is correct?

- A) Assets + Net worth = Liabilities
- B) Assets + Liabilities = Net Worth
- C) Assets - Net Worth + Liabilities = zero
- D) Assets - Net Worth = Liabilities

Answer: <https://biology-forums.com/index.php?topic=502130>

Question 1020

Which of the following statements concerning flexible spending accounts is false?

- A) Expenditures from the account are subject to IRS restrictions.
- B) Employees may voluntarily contribute pretax dollars to this account.
- C) They are also known as cafeteria plans.
- D) Unspent funds may be held over for subsequent years.

Answer: <https://biology-forums.com/index.php?topic=505723>

Question 1021

2/28 mortgages have a below market interest rate for some initial period because

- A) the lender shares in the appreciation in the market value of the home.
- B) the lender expects to receive higher payments after the readjustment.
- C) the borrower has a high credit score.
- D) initial rates are subsidized by the government.

Answer: <https://biology-forums.com/index.php?topic=504924>

Question 1022

In which of these funds does the portfolio of assets generally remain unchanged?

- A) Exchange traded funds and unit investment trusts
- B) Closed-end funds and open-end trusts
- C) Closed-end funds and unit investment trusts
- D) Exchanged traded funds and HOLDERS

Answer: <https://biology-forums.com/index.php?topic=505436>

Question 1023

An "express" warranty

- A) will include only promises made by the manufacturer.
- B) will include statements of fact and promises made by both the manufacturer and the retailer.
- C) must be in writing.
- D) will include only oral promises made at the time of the sale by the retailer.

Answer: <https://biology-forums.com/index.php?topic=504758>

Question 1024

If a life insurance policy is renewable,

- A) the policy coverage can be renewed with no change in premiums.
- B) the policy coverage can be renewed with no change in premiums and without a medical exam.
- C) the policy coverage can be renewed without a medical exam.
- D) the policy coverage can be renewed for a higher face amount.

Answer: <https://biology-forums.com/index.php?topic=505855>

Question 1025

Older Americans do not need private insurance to supplement their Medicare coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505790>

Question 1026

Protective covenants in a bond indenture strengthen the issuer's position.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505363>

Question 1027

A mortgage-backed bond means the issuing company has a mortgage on property supporting the bond.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505383>

Question 1028

Most auto manufacturers have arbitration programs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504849>

Question 1029

Lou Hinton's savings account (offering 12% simple interest) showed the following activity for the month of June:

Opening balance \$2,000

6/10 Deposit 1,000

6/20 Withdrawal (800)

6/30 Ending Balance 2,200

Interest earned in June with the LIFO method would be

- A) \$24.00.
- B) \$21.33.
- C) \$22.00.
- D) \$18.67.

Answer: <https://biology-forums.com/index.php?topic=502432>

Question 1030

A will can be automatically revoked by a change in family status.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505987>

Question 1031

The additional cost you incur when driving your car an additional mile is approximately equal to the average operational cost per mile.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504838>

Question 1032

If a savings account offers a 10% annual interest rate compounded monthly, your actual return will be greater than 10%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502537>

Question 1033

Tangible assets would not include

- A) commodity and financial futures.
- B) gold.
- C) collectibles.
- D) personal residences.

Answer: <https://biology-forums.com/index.php?topic=505008>

Question 1034

Escrow accounts

- A) are required on all conventional financing.
- B) ensure that borrowers will make payments on housing-related expenses such as insurance and taxes.
- C) held by banks must earn interest.
- D) cannot be forced upon a borrower by a lender.

Answer: <https://biology-forums.com/index.php?topic=504929>

Question 1035

The bond indenture is

- A) a bondholder lien against the issuer.
- B) escrow interest when a bond is in default.
- C) the institution representing bond buyers' interests.
- D) a contract between the bond issuer and bond buyers.

Answer: <https://biology-forums.com/index.php?topic=505271>

Question 1036

The statement, "This is the best buy in town," is an example of

- A) a full warranty.
- B) puffery.
- C) a limited warranty.
- D) an express warranty.

Answer: <https://biology-forums.com/index.php?topic=504762>

Question 1037

Which item below is not true of the Securities and Exchange Commission?

- A) It was created by the 1934 Securities Act.
- B) It requires that potential securities buyers be provided prospectuses.
- C) It oversees securities trades to assure that fair prices are set.
- D) It requires that new issues of securities be registered with it.

Answer: <https://biology-forums.com/index.php?topic=505041>

Question 1038

Monroney sticker price indicates

- A) the base price, manufacturers' installed options and the manufacturers' suggested retail price.
- B) the wholesale price of a trade-in.
- C) the N.A.D.A. recommended retail price on a used car.
- D) the invoice price for the car.

Answer: <https://biology-forums.com/index.php?topic=504770>

Question 1039

Agency bonds are issued by

- A) agencies of the federal government.
- B) the U.S. Treasury.
- C) regional agencies of multinational corporations.
- D) state and local government welfare agencies.

Answer: <https://biology-forums.com/index.php?topic=505296>

Question 1040

Rent and life insurance expenses are examples of flexible expenses.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502211>

Question 1041

Open-end funds sometimes sell at a discount.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505469>

Question 1042

The sticker that is commonly found on the windows of new cars is known as the

- A) Monterey sticker.
- B) NADA sticker.
- C) FTC sticker.
- D) Monroney sticker.

Answer: <https://biology-forums.com/index.php?topic=504771>

Question 1043

If you rent a garage to house your car, this should be included as a cost of ownership.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504832>

Question 1044

A development hindering efforts to control global crime is the establishment of enterprise zones, which refer to geographic areas that are controlled by corporations rather than the nation-state in which they exist.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504611>

Question 1045

In a short sale, your broker must borrow the shares you sell.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505117>

Question 1046

Given identical data, the future value of an ordinary annuity is greater than the future value of an annuity due.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502105>

Question 1047

Income tax withheld by your employer is reported on employers' W-2 forms.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502370>

Question 1048

Which of the following statements are correct?

- I. At death, property may be transferred outside of the will.
- II. At death, all property is distributed through the probate process.
- III. Probate costs are typically based upon the value of the assets transferred through probate.
- IV. The named executor will manage the death estate through the

probate process.

- A) only II and IV
- B) only I, III, and IV
- C) only II, III, and IV
- D) only I and II
- E) all

Answer: <https://biology-forums.com/index.php?topic=505904>

Question 1049

Only a few stock life insurance companies issue

- A) participating life policies.
- B) decreasing term life policies.
- C) group life policies.
- D) ordinary life policies.

Answer: <https://biology-forums.com/index.php?topic=505847>

Question 1050

The surrender value on a life insurance policy is equal to the

- A) cash value plus surrender dividends less outstanding loans and surrender charges.
- B) cash value.
- C) face value.
- D) amount of death protection.

Answer: <https://biology-forums.com/index.php?topic=505849>

Question 1051

The "Rule of 78" makes it advantageous for borrowers to prepay a loan as quickly as possible.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504721>

Question 1052

Other-than-collision auto coverage pays only for damages due to theft.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505667>

Question 1053

The best time to plan your retirement is in mid-life when you have a good idea of your retirement needs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502586>

Question 1054

Which policy pays out at the first death among the named insured?

- A) Family life
- B) Joint life
- C) Viatical life
- D) Survivorship joint life

Answer: <https://biology-forums.com/index.php?topic=505839>

Question 1055

People in the lower social classes are more likely to commit crimes because of:

- a. Greater opportunities in the workplace
- b. Corporate greed
- c. An economic need
- d. Pressure from others

Answer: <https://biology-forums.com/index.php?topic=504588>

Question 1056

Adjusted gross income equals gross income plus employer paid fringe benefits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502347>

Question 1057

A margin account allows you to borrow funds through your broker.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505109>

Question 1058

A consumer durable is strictly defined as

- A) any good that can be used more than once.
- B) any good that provides consumer benefits over a period of at least one year.
- C) any good that provides consumer benefits over the owner's lifetime regardless of the time period.
- D) any good that provides consumer benefits over a period of at least five years.

Answer: <https://biology-forums.com/index.php?topic=504744>

Question 1059

A due-on-sale clause requires immediate repayment of the loan when the property changes hands.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504995>

Question 1060

John Davis has a debt ratio of 0.25, which tells us that John

- A) is insolvent since the ratio is less than 1.0.
- B) could have \$10,000 in total assets and \$7,500 in net worth.
- C) might have \$2,500 in liquid assets and \$10,000 in current debts.
- D) has 25% of his income allocated to reducing debt.

Answer: <https://biology-forums.com/index.php?topic=502164>

Question 1061

If a balance sheet is prepared correctly, assets plus liabilities equals net worth plus savings.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502183>

Question 1062

If a used car is still covered by a manufacturer's warranty, then the dealer who sold you the used car will be responsible for fulfilling the terms of the warranty.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504828>

Question 1063

An annual required savings amount confirms our computational accuracy but does not necessarily imply that our savings plan will use that amount each year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502122>

Question 1064

Given a choice, it is generally better to use a credit card instead of a debit card.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504705>

Question 1065

The sum of current and noncurrent liabilities is net worth.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502205>

Question 1066

The historical record of returns and risks shows rather clearly that as investment return increases, so does investment risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505187>

Question 1067

You will need \$228,790 in 28 years to supplement your retirement funds. If you can earn 8% interest, you must save \$_____ each year. (Table or calculator required.)

- A) 6,300
- B) 8,100
- C) 3,600
- D) 2,400

Answer: <https://biology-forums.com/index.php?topic=502083>

Question 1068

You are planning a vacation tour to Florida and trying to choose between the 5-day and 7-day package. You are using marginal analysis when

- A) you select one package over the other.
- B) you decide the benefits from either package are worth their respective costs.
- C) you had the foresight to plan your vacation.
- D) compare the added benefits of the 7-day package to its added cost.

Answer: <https://biology-forums.com/index.php?topic=502565>

Question 1069

Compounding refers to the

- A) task of finding a present value.
- B) mistake of confusing present values with future values.
- C) projection of future payments.
- D) process of accumulating value over time.

Answer: <https://biology-forums.com/index.php?topic=502063>

Question 1070

The bond indenture is a contract between the bond-issuing corporation and the bond investors.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505362>

Question 1071

The financial condition of the insurer can be checked out in Best's Key Rating Guide to Property and Casualty Insurers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505676>

Question 1072

Holding down disability income insurance premiums by extending the waiting period is poor insurance planning.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505811>

Question 1073

One performance measure of a mutual fund is to determine the growth of a given amount of investment, assuming all fund distributions are used to buy more shares of the fund.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505480>

Question 1074

The more frequently interest is compounded,

- A) your effective yield stays the same.
- B) the lower your effective yield.
- C) the higher your effective yield.
- D) there is no relationship between effective yield and compounding.

Answer: <https://biology-forums.com/index.php?topic=502428>

Question 1075

If market performance is unexpectedly bad, variable life's cash value can actually decline.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505952>

Question 1076

Estate planning is primarily concerned with increasing your wealth.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502589>

Question 1077

The standard deduction is largest for

- A) those filing as a head of household.
- B) single filers.
- C) married individuals filing separately.
- D) married couples filing jointly.

Answer: <https://biology-forums.com/index.php?topic=502270>

Question 1078

The life insurance policy that permits both flexible premium payments and cash value investment selection is

- A) universal life.
- B) variable universal life.
- C) endowment life.
- D) modified whole life.

Answer: <https://biology-forums.com/index.php?topic=505881>

Question 1079

FHA insurance is paid for with an additional interest charge on the mortgage balance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505000>

Question 1080

The federal government is the primary provider of insurance for those aged 65 and older.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505784>

Question 1081

Homeowners' policies generally cover part-time business activities of those under 21.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505649>

Question 1082

The vast majority of crimes are committed by women.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504609>

Question 1083

Erin pays \$1,000 in taxes on \$20,000 of gross income. If her income were to rise by \$5,000, her taxes would increase from \$1,000 to \$1,500. Given this information, her marginal tax rate is

- A) 10%.
- B) 8%.
- C) 5%.
- D) 20%.

Answer: <https://biology-forums.com/index.php?topic=502284>

Question 1084

Title insurance protects you from

- A) previous claims on the title.
- B) recall on the home mortgage.
- C) claims on your home to enforce payment on your personal debts.
- D) loss of title due to fire or water damage.

Answer: <https://biology-forums.com/index.php?topic=504897>

Question 1085

The individual appointed by the deceased to manage the estate immediately after death is known as the

- A) grantee.
- B) executor.
- C) grantor.
- D) administrator.

Answer: <https://biology-forums.com/index.php?topic=505892>

Question 1086

Which of the following statements concerning home ownership is false?

- A) The 1990s experienced a decade-long fall in housing affordability.
- B) Home ownership among adults is positively related to age.
- C) The government policy of fostering home ownership has been largely successful.
- D) The U.S. government has pursued a policy of fostering home ownership through subsidies and tax breaks.

Answer: <https://biology-forums.com/index.php?topic=504865>

Question 1087

The big advantage of the National Crime Victimization Survey is that:

- a. It is compiled by the FBI
- b. It uncovers crimes not reported to the police
- c. People can always recollect what happened to them in the past year
- d. It is compiled by both the CIA and the executive branch of the government

Answer: <https://biology-forums.com/index.php?topic=504583>

Question 1088

One advantage of a tangible asset over an intangible one is that

- A) it represents a claim to an intangible asset.
- B) you receive a title providing evidence of ownership.
- C) its price is guaranteed to increase over time.
- D) it can be enjoyed or used while it is owned.

Answer: <https://biology-forums.com/index.php?topic=505006>

Question 1089

The court process for validating the will and transferring assets specified in the will is known as probate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505988>

Question 1090

The preexisting conditions clause in a health insurance policy

- A) ensures that both illnesses and injuries that occurred before the coverage began will be covered by the policy.
- B) ensures that injuries that occurred before coverage began will be covered by the policy.
- C) ensures that illness that occurred before coverage began will be covered by the policy.
- D) excludes from coverage certain types of injuries and illnesses that began before the policy was issued.

Answer: <https://biology-forums.com/index.php?topic=505704>

Question 1091

Your income tax return should be kept permanently since the statute of limitations does not protect you against honest mistakes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502379>

Question 1092

If you are driving an older car, it may be worthwhile for you to

- A) drop both your collision and other-than-collision coverage.
- B) drop your collision coverage.
- C) drop your family auto policy if state law permits.
- D) drop only your other-than-collision.

Answer: <https://biology-forums.com/index.php?topic=505613>

Question 1093

Depositors often cite _____ as the most important consideration in selecting a particular bank.

- A) safety
- B) geographical convenience
- C) size
- D) low charges

Answer: <https://biology-forums.com/index.php?topic=502412>

Question 1094

If you lower the probability of loss by taking preventive action you are engaging in which one of the following risk management strategies?

- A) Risk avoidance
- B) Risk transfer
- C) Risk retention
- D) Risk reduction

Answer: <https://biology-forums.com/index.php?topic=505538>

Question 1095

The major property crimes involve offenses that involve gaining or destroying property.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504607>

Question 1096

The cash value of the life insurance policy is the amount paid out at death.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505923>

Question 1097

By not driving in bad weather you are engaging in risk avoidance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505630>

Question 1098

A "periodic rate cap"

- A) is set by the lender on all fixed-rate mortgages.
- B) limits interest rate changes on a home mortgage during any one adjustment period.
- C) reflects current credit conditions in the home loan market and is set according to the National Contract Rate.
- D) reflects current credit conditions in the home loan market and is set by the Home Loan Board.

Answer: <https://biology-forums.com/index.php?topic=504917>

Question 1099

"Conventional financing" consists of all home loans

- A) made through the banking system.
- B) with fixed interest rates.
- C) that are insured by the Federal Housing Administration.
- D) that are neither government-insured nor guaranteed.

Answer: <https://biology-forums.com/index.php?topic=504930>

Question 1100

You expect a 3% rate of inflation to continue indefinitely into the future. A \$10,000 vacation today will cost \$ _____ twenty years from now. (Table or calculator required.)

- A) 10,300
- B) 42,944
- C) 14,988
- D) 18,061

Answer: <https://biology-forums.com/index.php?topic=502074>

Question 1101

Which one of the following is not accomplished during probate?

- A) Determination of legal heirs
- B) The validation of the will
- C) Payment of claims against the estate
- D) Distribution of property in joint tenancy

Answer: <https://biology-forums.com/index.php?topic=505903>

Question 1102

The family auto policy follows a standard format used by most insurers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505663>

Question 1103

The police, judges, and the court system itself are all examples of _____.

- a. Rule creators
- b. Rule implementers
- c. Rule enforcers
- d. Rule breakers

Answer: <https://biology-forums.com/index.php?topic=504543>

Question 1104

The market-to-book ratio is determined by

- A) multiplying market price by book value.
- B) multiplying EPS by book value.
- C) taking the average of market price and book value.
- D) dividing market price by book value.

Answer: <https://biology-forums.com/index.php?topic=505267>

Question 1105

If a new car loan and a home equity loan carry identical interest rates and the borrower itemizes deductions,

- A) neither is preferred because neither has deductible interest payments.
- B) the auto loan is preferred because the interest payment is tax-deductible.
- C) neither is preferred because the interest payments on both are tax-deductible.
- D) the home equity loan is preferred because the interest payment is tax-deductible.

Answer: <https://biology-forums.com/index.php?topic=504777>

Question 1106

Purchasing life insurance is an example of risk reduction.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505936>

Question 1107

Municipal bonds generally appeal to investors

- A) in low marginal tax brackets.
- B) in high marginal tax brackets.
- C) in low marginal tax brackets, but who also seek to defer income to later years.
- D) in high marginal tax brackets, but who also seek to defer income to later years.

Answer: <https://biology-forums.com/index.php?topic=505305>

Question 1108

The interest adjusted net cost index

- A) is used to measure the financial stability of insurance companies.
- B) calculates the annual cost of a given amount of insurance protection based upon a 5% return on alternative investments.
- C) is equal to net premiums (annual premiums less dividends).
- D) should be used to compare the relative cost of whole life and term insurance.

Answer: <https://biology-forums.com/index.php?topic=505884>

Question 1109

Karl Marx is one of the creators of structural functionalism, and argued that deviance and crime has existed in all societies at all times.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504595>

Question 1110

To die "intestate" means to die

- A) without a valid will.
- B) without an heir apparent.
- C) without estate.
- D) while a resident of more than one state.

Answer: <https://biology-forums.com/index.php?topic=505889>

Question 1111

In the absence of accidental death benefits the face amount of the policy less outstanding loans is the amount paid out at death.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505924>

Question 1112

Which of the following is a non-cash distribution?

- A) A stock dividend
- B) A proxy
- C) A share repurchase
- D) A preemptive right

Answer: <https://biology-forums.com/index.php?topic=505235>

Question 1113

Borrowing on your life insurance policy may be good advice but it seldom makes sense to use a margin account.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504735>

Question 1114

A liquidity ratio of 2.2 indicates \$2.20 of income for each \$1 of current liabilities.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502222>

Question 1115

Stockholder voting rights allow one vote per share.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505325>

Question 1116

You expect a stock to pay a dividend of \$4 a share in the upcoming year, and you expect that dividends will grow by 12% a year. If the current price of the stock is \$50, its expected return is 16%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505349>

Question 1117

Shares of an open-end fund are typically purchased through stockbrokers, while closed-end fund shares are typically purchased directly from the fund.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505466>

Question 1118

In devising a cash management strategy, you should assume that future interest rates

- A) will occur in some random fashion.
- B) are not likely to change from the levels of present rates.
- C) will likely be volatile, and difficult to forecast.
- D) will likely be volatile, but accurately forecasted.

Answer: <https://biology-forums.com/index.php?topic=502438>

Question 1119

Cash value policies rarely apply surrender charges in the early years.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505959>

Question 1120

The Securities Investor Protection Act of 1970

- A) is offered only by full-service brokers.
- B) guarantees delivery of shares (up to \$500,000) and cash (up to \$100,000) held by a bankrupt broker.
- C) established binding arbitration as the method of resolving broker-related disputes.
- D) protects investors against all investment losses up to \$500,000.

Answer: <https://biology-forums.com/index.php?topic=505046>

Question 1121

A new roof costs \$10,000. Assume that the value of the roof depreciates 5% per year. If your roof is destroyed by fire after five years, then

- A) actual cash value is \$7,500 and replacement cost is \$2,500.
- B) actual cash value and replacement cost are \$10,000.
- C) actual cash value is \$7,500 and replacement cost is \$10,000.
- D) actual cash value and replacement cost are \$7,500.

Answer: <https://biology-forums.com/index.php?topic=505550>

Question 1122

The budget's primary function is to keep track of your income and expenditures.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502228>

Question 1123

- A company's book value is determined by
- A) applying a price-to-earnings model.
 - B) dividing its assets by the number of common shares outstanding.
 - C) applying the CAPM valuation model.
 - D) dividing its net worth by the number of common shares outstanding.

Answer: <https://biology-forums.com/index.php?topic=505264>

Question 1124

Your auto insurance does not cover you when you are driving someone else's car without their permission.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505672>

Question 1125

Lena bought 100 shares of General Motors stock at \$80 a share. Assuming a share value of \$50 at tax-year end, Lena should consider which of the following tax strategies?

- A) Selling the GM shares and buying Ford shares.
- B) Buying more GM shares.
- C) Holding the shares.
- D) Selling her shares of GM and buying back other shares of GM.

Answer: <https://biology-forums.com/index.php?topic=502323>

Question 1126

Under a traditional comprehensive health insurance, long-term care coverage typically includes

- A) only non-skilled nursing care.
- B) only custodial care.
- C) only skilled nursing care.
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=505697>

Question 1127

Which alternative is not true with respect to market timing?

- A) Evidence shows that amateurs do it poorly, while professionals do it very well.
- B) It can increase portfolio risk.
- C) It tries to increase return by trading in and out of the market over time.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=505171>

Question 1128

Cash serves as a relative liquid short-term store of value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502442>

Question 1129

Pure term insurance

- A) has both a savings component and a death protection component.
- B) provides only for individual coverage.
- C) cannot be renewed.
- D) provides only death protection.

Answer: <https://biology-forums.com/index.php?topic=505858>

Question 1130

The more frequently compounding takes place, the lower the effective return on a savings account.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502538>

Question 1131

Which item below is not a characteristic of an exchange-traded fund?

- A) Their portfolios are changed frequently in response to market conditions.
- B) They may be more tax efficient than other types of funds.
- C) They have very low expense ratios.
- D) Investors can use margin to buy them.

Answer: <https://biology-forums.com/index.php?topic=505437>

Question 1132

If your take-home pay is \$30,000 annually and you have \$15,000 in liquid assets and \$5,000 in current liabilities, you have about

- A) four month's of liquid reserves, which is fair.
- B) six months' of liquid reserves, which is good.
- C) two month's of liquid reserves, which is poor.
- D) six years of liquid reserves, which is excessive.

Answer: <https://biology-forums.com/index.php?topic=502163>

Question 1133

Concerning an adjustable rate loan, which of statements is false?

- A) The APR will reflect the interest payments you will actually incur over the life of the mortgage.
- B) The APR will take into account the points on the loan.
- C) Lenders are required to provide examples of the payment changes that may occur.
- D) Lenders are required to describe circumstances that will lead to rate changes.

Answer: <https://biology-forums.com/index.php?topic=504912>

Question 1134

Community property will consist of

- A) property acquired during the marriage by the joint efforts of the husband and wife.
- B) all property held in tenancy in common.
- C) property acquired before the marriage by the independent efforts of the husband or wife.
- D) all property owned by the husband or the wife.

Answer: <https://biology-forums.com/index.php?topic=505909>

Question 1135

In the jargon of the insurance industry, "UCR" stands for

- A) Usual Care Reimbursement.
- B) Urgent Care Reimbursement.
- C) Usual Customary and Reasonable.
- D) Usual Customary and Responsible.

Answer: <https://biology-forums.com/index.php?topic=505689>

Question 1136

The budget is more directed towards planning than are the income statement and balance sheet.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502231>

Question 1137

Student loans need not be repaid

- A) if you cannot find a job.
- B) if you do not graduate.
- C) Either A or B above is correct.
- D) None of the above are correct.

Answer: <https://biology-forums.com/index.php?topic=504665>

Question 1138

An interest penalty is associated with a CD, but not with a money market deposit account.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502516>

Question 1139

Voting rights are typically held by

- A) only common stockholders.
- B) common and preferred stockholders and bond holders.
- C) only preferred stockholders.
- D) both common and preferred stockholders.

Answer: <https://biology-forums.com/index.php?topic=505223>

Question 1140

The branch of the government wthat makes and passes laws would be, according to Hirschi, the _____.

- a. Rule enforcers
- b. Rule innovators
- c. Rule inventors
- d. Rule creators

Answer: <https://biology-forums.com/index.php?topic=504542>

Question 1141

Unscheduled personal property loss

- A) is usually reimbursed at replacement cost.
- B) is not covered under a typical homeowners' policy.
- C) is rarely subject to loss limits.
- D) covers personal property items that are not specifically listed in the policy.

Answer: <https://biology-forums.com/index.php?topic=505570>

Question 1142

With a 10% interest rate, the present value of \$100 received one year from today is \$90.91.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502110>

Question 1143

The annual percentage rate is based upon the simple interest method.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504714>

Question 1144

When private disability benefits are integrated, they

- A) continue until you receive Social Security retirement benefits.
- B) begin immediately after the onset of the disability.
- C) are dependent on whether or not you qualify for Social Security disability benefits.
- D) are tied to the cost of living.

Answer: <https://biology-forums.com/index.php?topic=505736>

Question 1145

Hospital indemnity insurance

- A) provides the provider of the service a direct payment up to a set daily maximum.
- B) guarantees you certain specified services regardless of the daily cost.
- C) pays a fixed dollar amount for each day you remain in the hospital.
- D) guarantees you all hospital services regardless of cost.

Answer: <https://biology-forums.com/index.php?topic=505686>

Question 1146

A "full warranty"

- A) means those parts covered by the "full warranty" receive what is called "lemon protection."
- B) can be defined in whatever way the manufacturer wishes.
- C) means the warranty covers the product's full or complete service life.

D) means that all of the component parts receive the same protection.

Answer: <https://biology-forums.com/index.php?topic=504761>

Question 1147

Which of the following is an example of risk retention?

- A) Not driving an automobile to avoid having an accident
- B) Having a \$200 deductible clause on your auto insurance policy
- C) Wearing a safety belt when driving
- D) Purchasing auto insurance

Answer: <https://biology-forums.com/index.php?topic=505545>

Question 1148

A load fund differs from a no-load fund in that the load fund often borrows to buy securities while a no-load does not.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505462>

Question 1149

Married couples often share a tenancy in common in the family home.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505993>

Question 1150

Considering nonfinancial and financial goals, we can say

- A) nonfinancial goals have no connection to financial goals.
- B) the most important financial goal is increasing our rate of savings.
- C) setting goals is unrealistic in a changing economic environment.
- D) the most important financial goal is often considered financial independence.

Answer: <https://biology-forums.com/index.php?topic=502051>

Question 1151

Which of the following statements concerning survivors benefits under a company sponsored retirement plan is false?

- A) Survivorship benefits for a surviving spouse are required under the Retirement Equity Act of 1984.
- B) The employee has the power to reject the benefits in exchange for a larger single life annuity.
- C) Both post and pre-retirement surviving spouse benefits are required under federal law.
- D) Most company retirement plans provide death benefits for a surviving spouse.

Answer: <https://biology-forums.com/index.php?topic=505826>

Question 1152

Married couples filing a joint return may take two standard deductions.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502357>

Question 1153

The pre-emptive right allows a shareholder to vote twice if he or she owns preferred stock along with common stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505323>

Question 1154

The cumulative variable is equal to

- A) favorable variances plus unfavorable variances over the previous months.
- B) this months actual expenses less planned expenses.
- C) favorable variances less unfavorable variances over the previous months.
- D) this months planned expenses less actual expenses.

Answer: <https://biology-forums.com/index.php?topic=502177>

Question 1155

Which of the following investments is an example of a pooling arrangement?

- A) A corporate bond
- B) A commodity futures contract
- C) A share of common stock
- D) A mutual fund

Answer: <https://biology-forums.com/index.php?topic=505021>

Question 1156

Which of the following statements concerning the housing market is false?

- A) There has been a recent decline in the sales of single family homes.
- B) The rate of inflation has remained relatively stable over the last decade.
- C) Interest rates have sharply risen over the last decade.
- D) There has been a recent decline in the median price of single family homes.

Answer: <https://biology-forums.com/index.php?topic=504857>

Question 1157

Given the longer an asset is held, the greater the potential range of returns.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505174>

Question 1158

If some expense items are related to your income, and your income increases above budgeted amounts, you can expect

- A) favorable income variances and unfavorable variances in related expenses.
- B) savings will decrease.
- C) favorable variances in both income and expense accounts.
- D) budgeted savings to remain about the same.

Answer: <https://biology-forums.com/index.php?topic=502179>

Question 1159

Pure risk can always be eliminated by individual action.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505621>

Question 1160

Bonds with fixed coupon rates are not subject to interest rate risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505396>

Question 1161

The acceleration clause in a loan agreement allows the lender to

- A) collect the entire unpaid balance immediately if you miss a payment.
- B) step up your monthly payments from, say, \$100 a month to \$150 to have the loan repaid more rapidly.
- C) add on new collateral to an existing installment loan.
- D) collect all unpaid interest immediately if you miss a payment.

Answer: <https://biology-forums.com/index.php?topic=504657>

Question 1162

Social Security tax rates are progressive, similar to the federal income tax rates.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502390>

Question 1163

A security's beta is a measurement of its random risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505198>

Question 1164

The contract rate on adjustable rate loans is equal to the index rate plus the margin.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504982>

Question 1165

If you have been denied credit, you have the right to receive a free copy of your credit report.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504691>

Question 1166

In a managed health care program,

- A) government regulations determine the provision of medical services.
- B) you are provided quality care at typically high cost.
- C) you put together your own health care network.
- D) your primary care physician serves as the gatekeeper to your health care network.

Answer: <https://biology-forums.com/index.php?topic=505706>

Question 1167

Which statement is not true of state and local taxes?

- A) Most of the states have state income taxes.
- B) Most of the states have state sales taxes.
- C) Most local governments rely upon property taxes for most of their tax revenues.
- D) They do not vary much from one part of the country to another.

Answer: <https://biology-forums.com/index.php?topic=502328>

Question 1168

The standard deduction is indexed to inflation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502358>

Question 1169

Indemnification returns you to your pre-loss financial status.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505624>

Question 1170

Accident insurance is a preferred means of providing disability income protection.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505806>

Question 1171

Which of the items below should you expect to receive from a full-service broker?

- A) Privileged (inside) information about certain companies
- B) Assistance in preparing your income tax return
- C) Assistance in tailoring a portfolio to meet your needs
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=505052>

Question 1172

In goal planning, you generally match the savings vehicle to the time when the money is needed; for example, short-range goals are funded with low-risk investments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502121>

Question 1173

A variable ratio plan adjusts a portfolio's weights by investing more heavily in the asset that has performed poorly in the recent past.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505518>

Question 1174

With "managed care" your primary care physician ensures that you receive medical care in the most efficient and inexpensive way.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505770>

Question 1175

A mutual fund's reinvestment plan allows you to buy additional shares in a fund from the fund's dividends.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505478>

Question 1176

The cost of personal liability coverage is unrelated to the year, make, or model of your car.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505677>

Question 1177

Medicare provides first-dollar coverage without policy limits for all those over the age of 65.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505793>

Question 1178

Most consumer loans involve add-on interest.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504718>

Question 1179

Recent problems in the subprime mortgage have been attributed to which of the following?

- A) adjustable mortgages with low initial rates
- B) increased lending to borrowers with poor credit histories
- C) lax lending standards
- D) All of the above have contributed to the subprime crisis.

Answer: <https://biology-forums.com/index.php?topic=504859>

Question 1180

Interest paid on student loans may be reduce your federal taxes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502381>

Question 1181

A good method for holding down premiums on disability income protection is to

- A) look for generally available federally-subsidized coverage.

- B) lengthen the elimination period.
- C) reduce the monthly benefit.
- D) shorten the benefit period.

Answer: <https://biology-forums.com/index.php?topic=505742>

Question 1182

When deciding how much to save for your retirement years the author suggests you

- A) save as much as you possibly can because the future is highly uncertain.
- B) consult a professional planner to find out how much you must presently save.
- C) carefully weigh the marginal benefit of an additional dollars worth of present consumption versus the marginal benefit of an additional dollars worth of consumption in your retirement years.
- D) first take care of your present needs, because the future has a way of taking care of itself.

Answer: <https://biology-forums.com/index.php?topic=506004>

Question 1183

NASDAQ is an electronic communications system employed to trade OTC securities.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505092>

Question 1184

You must pay income taxes on the dividends received from participating life policies.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505930>

Question 1185

Under collision coverage, the insurer's pay-out is limited by the actual cash value of a similar auto.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505669>

Question 1186

The purpose of a co-payment is to limit unnecessary use of medical services.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505762>

Question 1187

Arbitration is a process for settling disputes in which an impartial third party listens to both sides in the dispute and suggests a remedy that may be binding or non-binding.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504853>

Question 1188

Car dealers often suggest that you carry credit life insurance. Credit life insurance

- A) can be required by lenders in all states.
- B) is unnecessary high-cost insurance.
- C) is often a good buy, since lenders are willing to provide it at a small additional cost.
- D) pays the survivors the cost of the car in the event of the borrowers death.

Answer: <https://biology-forums.com/index.php?topic=504774>

Question 1189

The standard deduction for married couples filing jointly is

- A) equal to that of single filers.
- B) more than single filers, but less than twice that of single filers.
- C) more than twice that of single filers.
- D) twice that of single filers.

Answer: <https://biology-forums.com/index.php?topic=502267>

Question 1190

The Rule of 78 is sometime used to calculate the

- A) balloon payment at the end of the loan.
- B) monthly payment on the loan.
- C) interest refunded on early repayment of a loan.
- D) term of the loan.

Answer: <https://biology-forums.com/index.php?topic=504655>

Question 1191

The first step in a planning approach is to create specific sub-goals that help us achieve a major broad goal.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502592>

Question 1192

A cashier's check is one of your personal checks the bank has guaranteed for payment.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502534>

Question 1193

Interest is deducted from the credit extended at the beginning of the loan under the

- A) Rule of 78.
- B) add-on interest method.
- C) discount interest method.
- D) simple interest method.

Answer: <https://biology-forums.com/index.php?topic=504646>

Question 1194

A trust that can be changed by the grantor at any time is known as a revocable trust.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505999>

Question 1195

All things equal, general obligation municipal bonds are safer than revenue municipal bonds.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505384>

Question 1196

A bond's coupon rate is the interest it pays each year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505368>

Question 1197

Which one of the items below is not an investment advisory service?

- A) Value Line
- B) Standard and Poor's
- C) Moody's
- D) Barron's

Answer: <https://biology-forums.com/index.php?topic=505073>

Question 1198

An important concern of creditors when evaluating your credit application is how well you have used credit in the past.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504683>

Question 1199

In the calculation of the Annual Percentage Rate on a home mortgage

- A) all finance charges are considered.
- B) only points are considered.
- C) only the contract rate is considered.
- D) only closing costs are considered.

Answer: <https://biology-forums.com/index.php?topic=504907>

Question 1200

A general obligation (GO) municipal bond is one that

- A) obligates the general public to buy the bonds.
- B) is supported by specific revenues related to the project the bond issue financed.
- C) is supported by the full taxing authority of the issuing government.
- D) offers no support whatsoever.

Answer: <https://biology-forums.com/index.php?topic=505302>

Question 1201

Which of the following activities best illustrates the use of marginal analysis?

- A) Buying eight oranges a week because the extra satisfaction from four extra oranges is not worth \$0.20 to you
- B) Finding the opportunity cost of not going to college
- C) Buying a dozen oranges a week because they are priced at \$1.00 a dozen instead of \$0.10 each
- D) Finding the future value of a savings deposit

Answer: <https://biology-forums.com/index.php?topic=502563>

Question 1202

The face value of most corporate bonds is \$1,000.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505367>

Question 1203

Which of the following is not a reasonable expectation?

- A) Stable prices
- B) Instability in financial markets
- C) Periodic recessions
- D) Continued business cycles

Answer: <https://biology-forums.com/index.php?topic=502058>

Question 1204

One of the hidden tax advantages of home ownership

- A) is the energy credit for new home construction.
- B) is deductible maintenance costs.
- C) is deductible usage fees on water and sanitation.
- D) is the non-taxable imputed rental income.

Answer: <https://biology-forums.com/index.php?topic=504875>

Question 1205

Many individuals have suggested setting up the following trust as a method for avoiding probate costs while still retaining control of your assets when alive

- A) a revocable living trust.
- B) an irrevocable living trust.
- C) an irrevocable testamentary trust.
- D) a revocable testamentary trust.

Answer: <https://biology-forums.com/index.php?topic=505913>

Question 1206

Dave Scott bought a used car in early 2007 for \$12,000. He borrowed \$11,000, which he is repaying over four years. During 2007, he made payments of \$3,600, of which \$800 was interest and \$2,800 was repayment of principal. Dave believes the car depreciated about \$4,000 in 2007. Given the above data we can say that by the end of 2005 the car had

- A) decreased Dave's net worth by \$4,800.
- B) decreased Dave's net worth by \$200.
- C) increased Dave's net worth by \$8,200.
- D) increased Dave's assets by \$12,000, increased his liabilities by \$11,000, and increased his net worth by \$1,000.

Answer: <https://biology-forums.com/index.php?topic=502132>

Question 1207

On scheduled property coverage evidence of worth need be supplied only after the loss.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505660>

Question 1208

Which of the following is not true of U.S. Series EE bonds?

- A) Taxes on on interest can be deferred until the bond is redeemed.
- B) Some interest is forfeited if the bonds are redeemed before five years.
- C) The interest income is taxed by states and local governments.
- D) The rate on new issues is set relative to the rates on other Treasury loans.

Answer: <https://biology-forums.com/index.php?topic=502410>

Question 1209

Health insurance in which your family physician serves as the gatekeeper to additional health care services is called

- A) fee-for-service care.
- B) hospice care.
- C) managed care.
- D) planned care.

Answer: <https://biology-forums.com/index.php?topic=505707>

Question 1210

Saving for retirement is different from most other forms of saving,

- A) because it need not be placed in diversified investments.
- B) because such savings can be placed in more liquid investments and because it is accorded special tax status.
- C) because of the special tax status accorded such savings.
- D) because such savings can be placed in more liquid investments.

Answer: <https://biology-forums.com/index.php?topic=506005>

Question 1211

Which item below is not related to risks associated with conditions of a security issuer?

- A) Financial risk
- B) Management risk
- C) Business risk
- D) Interest rate risk

Answer: <https://biology-forums.com/index.php?topic=505138>

Question 1212

If you are sued for monetary losses resulting from bodily injury incurred in an auto accident you are protected under the

- A) other-than-collision coverage of your auto policy.
- B) medical payments section of your auto policy.
- C) liability section of your auto policy.
- D) collision coverage of your auto policy.

Answer: <https://biology-forums.com/index.php?topic=505603>

Question 1213

Interest payments are tax deductible on

- A) only home equity loans.
- B) all consumer loans.
- C) student loans and home equity loans.

D) only student loans.

Answer: <https://biology-forums.com/index.php?topic=504666>

Question 1214

Which of the following would be included in the Transition Fund?

- A) College tuition
- B) Lifestyle assets
- C) Insurance policies
- D) Probate costs

Answer: <https://biology-forums.com/index.php?topic=505819>

Question 1215

By definition, a lifestyle asset must depreciate over time.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502195>

Question 1216

An "implied" warranty will consist of

- A) only a warranty of merchantability.
- B) neither a warranty of merchantability nor a warranty of fitness for purpose.
- C) only a warranty of fitness for purpose.
- D) both a warranty of merchantability and a warranty of fitness for purpose.

Answer: <https://biology-forums.com/index.php?topic=504752>

Question 1217

Term insurance differs from whole life insurance in that term

- A) is offered only through employer-sponsored insurance programs.
- B) provides protection only during the term of the policy and not for your whole life.
- C) is more expensive per dollar of death protection.
- D) is designed for single individuals while whole life is for families.

Answer: <https://biology-forums.com/index.php?topic=505860>

Question 1218

A debt ratio of 2.2 means you have \$2.20 of assets for each \$1 of total liabilities.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502223>

Question 1219

Which financial institution below would be most likely to lend to a first-time borrower?

- A) General-purpose consumer finance company
- B) Savings and loan
- C) Commercial bank
- D) Specialized consumer finance company

Answer: <https://biology-forums.com/index.php?topic=504663>

Question 1220

The market risk premium is the difference between the market return and

- A) the inflation rate.
- B) the return on Treasury bills.
- C) the return on Treasury bonds.
- D) the return on corporate bonds.

Answer: <https://biology-forums.com/index.php?topic=505144>

Question 1221

A cyclical stock is one that

- A) is often traded by market speculators.
- B) often has management changes.

- C) varies its dividends frequently.
- D) might operate in the capital goods industries.

Answer: <https://biology-forums.com/index.php?topic=505239>

Question 1222

The future value of \$12,000 invested today at 6% interest compounded annually for 4 years is

- A) \$9,505.
- B) \$23,259.
- C) \$12,190.
- D) \$15,150.

Answer: <https://biology-forums.com/index.php?topic=502072>

Question 1223

From a federal income tax perspective, interest on U.S. Series EE bonds

- A) may be deferred until redemption and may be avoided if it is used for a child's college or vocational expenses.
- B) is subject to state and local taxes.
- C) is taxable when earned.
- D) is exempt from federal taxes.

Answer: <https://biology-forums.com/index.php?topic=502411>

Question 1224

Earthquake insurance may be added to your homeowners' protection with

- A) an umbrella clause.
- B) an endorsement.
- C) a codicil.
- D) a floater.

Answer: <https://biology-forums.com/index.php?topic=505588>

Question 1225

A "qualified" retirement plan is one that

- A) has fully vested benefits.
- B) is currently paying out benefits.
- C) is federally insured.
- D) has a special tax status because it satisfies all government-mandated requirements.

Answer: <https://biology-forums.com/index.php?topic=506007>

Question 1226

Comprehensive health care insurance includes both basic health care coverage and major medical coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505757>

Question 1227

High capitalizations stocks that regularly pay dividends are known as blue chips.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505338>

Question 1228

Which of the following is the best example of risk transfer?

- A) Increasing the deductible on your auto insurance policy
- B) Flying instead of driving your car
- C) Purchasing life insurance
- D) Paying a chimney sweep to clean your chimney

Answer: <https://biology-forums.com/index.php?topic=505541>

Question 1229

Personal injury protection allows you to collect expenses for personal injury from your own insurer, regardless of fault.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505673>

Question 1230

Under the Fair Credit Reporting Act (FCRA), if you have been denied credit, you have a right to

- A) nothing; essentially FCRA imposes sanctions only on what information credit bureaus may not keep.
- B) same response as b, except you can sue only if you are a woman or member of a minority group.
- C) sue the credit bureau if your credit file indicates that you should have been granted credit.
- D) inspect your credit file and have any errors or unsubstantiated entries corrected or removed.

Answer: <https://biology-forums.com/index.php?topic=504619>

Question 1231

An old will can

- A) never be amended or changed.
- B) not be automatically revoked because of either marriage, divorce or the birth of a child.
- C) be revoked only with the consent of a probate judge.
- D) be revoked by simply stating so in a new will.

Answer: <https://biology-forums.com/index.php?topic=505901>

Question 1232

If parents claim a child as an exemption on their tax return, the child on his or her tax return

- A) may take an additional exemption, regardless of how much the child has earned.
- B) may only claim an additional exemption if he or she is under age 16.
- C) may not claim an additional exemption.
- D) may take an additional exemption, only if the child has earned less than a specified amount.

Answer: <https://biology-forums.com/index.php?topic=502261>

Question 1233

The best strategy for selecting mutual funds in the 401(k) plan is to

- A) pick an aggressive growth fund, using last year's performance as a guide.
- B) select a number of funds to achieve broad diversification.
- C) pick a money market fund to avoid risk.
- D) pick an index fund.

Answer: <https://biology-forums.com/index.php?topic=505456>

Question 1234

The returns on Asset A are strongly, positively correlated with Asset B's returns; thus, holding the two assets together will

- A) significantly reduce portfolio risk.
- B) significantly increase portfolio risk.
- C) significantly increase portfolio return.
- D) have little or no effect on portfolio risk.

Answer: <https://biology-forums.com/index.php?topic=505147>

Question 1235

Those insurance plans offering a preferred provider typically

- A) provide partial reimbursement for participants using non-PPO services.
- B) have been forced to provide full reimbursement for non-PPO services under state laws.
- C) do not provide any reimbursement for participants using non-PPO services.
- D) have been forced to provide full reimbursement for non-PPO services under the National Health Maintenance Act.

Answer: <https://biology-forums.com/index.php?topic=505715>

Question 1236

If you die without a valid will, your property will be divided under the laws of intestacy.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505967>

Question 1237

Specific disease and accident insurance policies are usually

- A) expensive but desirable components of your health care coverage.
- B) poor buys, duplicating coverage provided by more necessary comprehensive insurance.
- C) good buys, providing specific coverage at a low cost.
- D) recommended by financial planners for those with low incomes.

Answer: <https://biology-forums.com/index.php?topic=505701>

Question 1238

The relatively simple structure of bond trading favors individual investing rather than with pooling arrangements.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505373>

Question 1239

Only the grantor of a trust can change the terms of an irrevocable trust.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=506000>

Question 1240

In a per stirpes division of a death estate, each beneficiary must receive an equal share of the estate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505980>

Question 1241

When taxable income exceeds certain levels, exemption and deduction allowances

- A) reach a maximum allowable amount.
- B) are limited but may be carried over to future years.
- C) are eliminated.
- D) increase in proportion to increases in taxable income.

Answer: <https://biology-forums.com/index.php?topic=502280>

Question 1242

The "Rule of 78" allows lender to earn interest at a quicker pace than that determined by the simple interest method.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504725>

Question 1243

Global income includes income from all sources.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502342>

Question 1244

Which one of the following housing related expenditures is not an itemized deduction?

- A) Mortgage interest payments
- B) Rental payments
- C) Property taxes
- D) All of the above can be taken as itemized deductions.

Answer: <https://biology-forums.com/index.php?topic=502278>

Question 1245

Inkle, Inc. has \$200,000 of 10% bonds outstanding (which pay \$20,000 interest) and \$100,000 of 12% preferred stock (which pay \$12,000 dividends). Assume that Inkle's earnings in the upcoming year will be either \$50,000 or \$100,000. Given these two possibilities, common stockholders' share of earnings will be either _____ or _____.

- A) \$18,000; \$88,000
- B) \$30,000; \$68,000
- C) \$38,000; \$88,000

D) \$18,000; \$68,000

Answer: <https://biology-forums.com/index.php?topic=505227>

Question 1246

If the cost of an office visit is \$50 and you have a \$15 copayment under your health insurance coverage, your insurance will pay

- A) \$0.
- B) \$15.
- C) \$50.
- D) \$35.

Answer: <https://biology-forums.com/index.php?topic=505692>

Question 1247

GFM, Inc. earned \$4 a share last year and it is expected to earn \$5 a share next year. Assuming a P/E ratio of 10, the price of the company's stock should be

- A) \$0.50 a share.
- B) \$40 a share.
- C) \$50 a share.
- D) \$90 a share.

Answer: <https://biology-forums.com/index.php?topic=505259>

Question 1248

Which of the following changes would not lead to an increase in a security's required return? An increase in

- A) the security's random risk.
- B) the market risk premium.
- C) risk-free rate.
- D) the security's beta.

Answer: <https://biology-forums.com/index.php?topic=505161>

Question 1249

Which of the following is an example of risk transfer?

- A) Purchasing auto liability insurance
- B) Quitting smoking
- C) Only crossing at the corner
- D) Buying a car with air bags

Answer: <https://biology-forums.com/index.php?topic=505540>

Question 1250

Federal deposit insurance insures each deposit you have with a bank up to \$100,000.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502447>

Question 1251

Preferred stock is called a hybrid security because

- A) it is most frequently issued by hybrid seed-producing companies.
- B) it has the same features as common stock but offers a greater dividend.
- C) it has the same features as bonds but offers a share in the issuer's earnings.
- D) it has characteristics of both common stock and bonds.

Answer: <https://biology-forums.com/index.php?topic=505318>

Question 1252

The clause that places your right to sue for damages after the insurers is known as the

- A) subrogation clause.
- B) mortgage clause.
- C) residual clause.
- D) apportionment clause.

Answer: <https://biology-forums.com/index.php?topic=505567>

Question 1253

The labeling theory is concerned with the reactions, actions, and interactions of social control agents, or those who label the person as deviant.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504603>

Question 1254

Which of the following statements concerning HMOs is false?

- A) HMO plans often provide extensive coverage of basic health care benefits.
- B) Hospital stays for patients of HMOs are longer than those with traditional health care insurance.
- C) Those with larger families and younger children often find HMOs are more likely to financially prefer an HMO over traditional insurance.
- D) Critics of HMOs argue that participating physicians may have a financial incentive to hold back medical care.

Answer: <https://biology-forums.com/index.php?topic=505716>

Question 1255

Herbert Gans, a major early criminologist, proposed the category of white collar crimes which are committed by a person of responsibility and high social status in the course of his occupation.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504608>

Question 1256

If you have a tendency to write checks for amounts exceeding your checking balance, you need

- A) an unsecured credit line.
- B) a debit card.
- C) a secured credit card.
- D) an overdraft protection credit line.

Answer: <https://biology-forums.com/index.php?topic=504672>

Question 1257

Which of the following assets is most liquid?

- A) A certificate of deposit (CD)
- B) A savings account
- C) A checking account
- D) The above three are equally liquid.

Answer: <https://biology-forums.com/index.php?topic=502400>

Question 1258

The preferred hospital insurance is hospital indemnity insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505759>

Question 1259

With adjustable life insurance both the premiums and the face amount are adjustable.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505946>

Question 1260

Under the current tax structure, an increase in wages that raises your taxable income and moves you into a higher tax bracket can

- A) will definitely decrease your after-tax income.
- B) will increase your marginal tax rate on your last dollar of earnings.
- C) will leave your average tax rate unchanged.
- D) will lower your marginal tax rate on your last dollar of earnings.

Answer: <https://biology-forums.com/index.php?topic=502286>

Question 1261

A \$1 tax deduction reduces your tax liability

- A) by the same amount as a \$1 tax credit.

- B) by \$1.
- C) by more than a \$1 tax credit.
- D) by less than a \$1 tax credit.

Answer: <https://biology-forums.com/index.php?topic=502291>

Question 1262

- Policy loans on cash value insurance
- A) are a convenient source of liquidity.
 - B) are permitted only if the insured is likely to die within one year.
 - C) do not reduce the payout at time of death.
 - D) are typically made at rates substantially above those on unsecured personal loans.

Answer: <https://biology-forums.com/index.php?topic=505871>

Question 1263

Which one of these investment assets never matures?

- A) Common stocks
- B) Corporate bonds
- C) Municipal bonds
- D) Options

Answer: <https://biology-forums.com/index.php?topic=505017>

Question 1264

A 10-year bond with a \$1,000 face value and 6% coupon rate is currently selling in the bond market for \$700. Its yield to maturity is (approximately)

- A) 8.6%.
- B) 10.6%.
- C) 6%.
- D) 7%.

Answer: <https://biology-forums.com/index.php?topic=505308>

Question 1265

Interest on a twelve-month installment loan is to be calculated using the discount method. If the purchase to be financed is \$1,000 and the discount rate is 6%, then your monthly payment is about

- A) \$88.33.
- B) \$88.65.
- C) \$76.67.
- D) \$86.07.

Answer: <https://biology-forums.com/index.php?topic=504649>

Question 1266

Express warranties are not now regulated under federal law.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504812>

Question 1267

The difference between a NOW account and a Money Market Deposit Account, it that the latter

- A) cannot accept electronic transfers.
- B) pays a higher rate of interest and requires a larger minimum balance.
- C) has no limit on the number of checks you can write.
- D) is not covered by federal deposit insurance.

Answer: <https://biology-forums.com/index.php?topic=502405>

Question 1268

Generally, a portfolio of 20 securities is adequate to eliminate most market risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505195>

Question 1269

A regular charge account is one

- A) that requires an initial security deposit.
- B) offered only by travel and entertainment lenders, such as American Express.
- C) that is used primarily as a shopping convenience.
- D) that covers a single purchase.

Answer: <https://biology-forums.com/index.php?topic=504622>

Question 1270

The advice "buy now and avoid future price increases" leads to a greater use of credit, but high rates of return on your investments may make that bad advice.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504681>

Question 1271

A convertible bond is one that

- A) can be converted into a specific number of shares of common stock of the issuer.
- B) can be converted into another bond if the issuer goes into bankruptcy.
- C) can be exchanged for a commodity such as silver or gold.
- D) is open-topped, meaning its redemption value can increase over time.

Answer: <https://biology-forums.com/index.php?topic=505285>

Question 1272

Which of the following is least likely to be covered under your homeowners' policy?

- A) Liability for minor damage in an automobile accident
- B) Liability for accidents others have while on your property
- C) Liability while doing occasional babysitting
- D) Liability for a minor delivering newspapers

Answer: <https://biology-forums.com/index.php?topic=505576>

Question 1273

In order to adequately diversify a portfolio, you need to buy a minimum of _____ securities.

- A) 20
- B) 75
- C) 115
- D) 5

Answer: <https://biology-forums.com/index.php?topic=505154>

Question 1274

Preferred stock received its name because it is generally a better investment than common stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505399>

Question 1275

Which of the following statements concerning Collision Damage Waivers (CDW) is false?

- A) CDWs do not provide the same personal liability auto protection as provided under the family auto policy.
- B) CDWs waive the rental firm's right to charge you for damage to the rental car.
- C) CDWs are often a low-cost worthwhile purchase when you rent a car.
- D) CDWs are issued by auto rental firms and not by commercial insurance companies.

Answer: <https://biology-forums.com/index.php?topic=505612>

Question 1276

Which of the following terms indicates homeowners' insurance for which it is the obligation of the insurer to show that the loss was not excluded by a specific exemption?

- A) Named perils coverage
- B) Specific perils coverage
- C) All risks coverage
- D) General risks coverage

Answer: <https://biology-forums.com/index.php?topic=505548>

Question 1277

The long-term need of your dependents should be provided for in the transitions fund.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505919>

Question 1278

Preferred stockholders' rights come before those of bondholders.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505402>

Question 1279

The purpose of the alternative minimum tax (ATM) is to

- A) ensure that even minor estates are liable for death taxes.
- B) ensure that households exceeding certain income limits pay at least some tax.
- C) eliminate the tax penalty on investment income.
- D) eliminate the marriage penalty for married couples.

Answer: <https://biology-forums.com/index.php?topic=502304>

Question 1280

During the grace period your insurance protection continues until the cash value of the policy is depleted.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505933>

Question 1281

"All risks" homeowners' insurance insures you against

- A) all risks not specifically excluded in the policy.
- B) both flood and earthquake damage.
- C) no more risks than a named perils policy.
- D) the general class of risks associated with the perils named in the policy.

Answer: <https://biology-forums.com/index.php?topic=505547>

Question 1282

If you have a student loan, you may have helped create a

- A) Betsy Ann.
- B) Sallie Mae.
- C) Lilly Mae.
- D) Ginnie Mae.

Answer: <https://biology-forums.com/index.php?topic=505299>

Question 1283

Convertible home mortgages permit the borrower to

- A) convert a 15-year mortgage to a 30-year mortgage.
- B) convert an adjustable-rate mortgage to a fixed rate mortgage at some future time period.
- C) avoid a repayment of the outstanding loan balance at the sale of a home and thus provide seller financing.
- D) convert a 30-year mortgage to a 15-year mortgage.

Answer: <https://biology-forums.com/index.php?topic=504922>

Question 1284

If one spouse dies intestate, the surviving spouse will generally share the death estate with any surviving children.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505968>

Question 1285

A co-insurance clause is most likely included in

- A) dreaded disease coverage.
- B) long-term care coverage.
- C) basic medical coverage.
- D) major medical coverage.

Answer: <https://biology-forums.com/index.php?topic=505696>

Question 1286

The American Express Card is an example of a bank credit card.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504701>

Question 1287

The principle of diminishing marginal satisfaction explains why

- A) many people don't like to save.
- B) people can't seem to save more even though their incomes rise.
- C) annual consumption almost always exceeds annual savings.
- D) future consumption looks more appealing than current consumption as our current incomes increase.

Answer: <https://biology-forums.com/index.php?topic=502056>

Question 1288

A "special endorsement" transfers payment on an existing check to someone else.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502527>

Question 1289

You can decrease average annual depreciation on a car by reducing the holding period.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504827>

Question 1290

Under most homeowners' policies compensation for structural damage is at

- A) actual cash value.
- B) market value.
- C) replacement cost.
- D) replacement cost plus depreciation.

Answer: <https://biology-forums.com/index.php?topic=505553>

Question 1291

Maria had capital losses last year of \$10,000. She will be able to deduct how much from her other taxable income in that year?

- A) \$ 2,000
- B) \$10,000
- C) \$ 5,000
- D) \$ 3,000

Answer: <https://biology-forums.com/index.php?topic=502300>

Question 1292

A "capitalized cost reduction" on an auto lease

- A) is an advanced payment on the lease.
- B) is positively related to your monthly payments. An increase in the capitalized cost reduction will increase the size of your monthly lease payments.
- C) may be no more than three times your monthly lease payment
- D) is equal to the difference between the actual resale value at the expiration of the lease and the estimated resale value.

Answer: <https://biology-forums.com/index.php?topic=504795>

Question 1293

Theorists who propose that deviant behavior is genetically inherited are utilizing _____ theories.

- a. Predictable

- b. Constructionist
- c. Empirical
- d. Explanatory

Answer: <https://biology-forums.com/index.php?topic=504530>

Question 1294

A liquid asset is any asset that can be sold quickly, even if such a sale results in a loss.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502190>

Question 1295

Under the current tax structure, income brackets

- A) are positively related to both the marginal tax rate and the average tax rate.
- B) are negatively related to both the marginal tax rate and the average tax rate.
- C) are negatively related to the marginal tax rate, but positively related to the average tax rate.
- D) are positively related to the marginal tax rate, but negatively related to the average tax rate.

Answer: <https://biology-forums.com/index.php?topic=502287>

Question 1296

The cost of ownership

- A) is a fixed cost.
- B) is a sunk cost.
- C) includes financial costs.
- D) All of the above answers are correct.

Answer: <https://biology-forums.com/index.php?topic=504787>

Question 1297

Sue has been struggling with prescription drug abuse for years. Her co-workers consider her behavior to be extremely disruptive to her work performance and want her to get help for her addiction. Sue's co-workers are examples of:

- a. Labeling agents
- b. Deviant agents
- c. Social control agents
- d. Strain agents

Answer: <https://biology-forums.com/index.php?topic=504564>

Question 1298

A few expensive items of personal property may be insured for all risks at replacement cost with the addition of

- A) an endorsement.
- B) a floater.
- C) an umbrella clause.
- D) a codicil.

Answer: <https://biology-forums.com/index.php?topic=505585>

Question 1299

Home replacement cost

- A) may exceed actual cash value on older homes.
- B) is likely to exceed actual cash value on new homes.
- C) is equal to actual cash value plus depreciation.
- D) is equal to the face amount of dwelling protection.
- E) and actual cash value are identical concepts.

Answer: <https://biology-forums.com/index.php?topic=505580>

Question 1300

All other factors being the same, firms that are more dependent on stock issues for raising financial capital have greater financial risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505180>

Question 1301

In a recession, college recruiting is often curtailed sharply.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502582>

Question 1302

Under a traditional comprehensive health insurance, long-term health care coverage generally pays for

- A) only personal and custodial nursing care.
- B) only skilled nursing care required by an illness or injury.
- C) all nursing care including care which is primarily custodial.
- D) only skilled nursing care required by injury.

Answer: <https://biology-forums.com/index.php?topic=505699>

Question 1303

The subprime mortgage market consists of

- A) younger borrowers who do not have not reached peak earnings.
- B) older borrowers who are retired.
- C) borrowers with excellent credit records who can borrow at below prime.
- D) borrowers with poor credit history and poorly documented income.

Answer: <https://biology-forums.com/index.php?topic=504858>

Question 1304

Deviance is defined as an action, belief, or human characteristics that members of a society or a social group consider a violation of group norms.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504591>

Question 1305

A single life policy

- A) is only allowed to insure non-dependent adults.
- B) may only provide benefits for a single beneficiary.
- C) pays out at the death of the single life insured.
- D) is only available for unmarried individuals.

Answer: <https://biology-forums.com/index.php?topic=505833>

Question 1306

Car rental leases are either "open-end" or "closed-end." The basic difference between the two is that

- A) with an open-end lease you may be liable for additional payments if the resale value of the auto is less than estimated in the lease agreement.
- B) monthly payments are variable under the open-end lease, but fixed under the closed-end lease.
- C) with a closed-end lease you may be liable for additional payments if the resale price of the auto is less than estimated in the lease agreement.
- D) monthly payments are variable under the closed-end lease, but fixed under the open-end lease.

Answer: <https://biology-forums.com/index.php?topic=504792>

Question 1307

The Flash Fund owns 4,000 of GM and 8,000 shares of Microsoft. GM's price is \$20 and Microsoft's is \$25. If the fund has 5,000 shares outstanding, its NAV per share is

- A) \$66.00.
- B) \$90.00.
- C) \$93.33.
- D) \$56.00.

Answer: <https://biology-forums.com/index.php?topic=505407>

Question 1308

You can buy a municipal bond to yield 10%. If you have a marginal tax rate of 28%, the bond's pre-tax yield equivalent is 13.89%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505386>

Question 1309

Basic health care insurance typically covers unskilled custodial nursing care.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505761>

Question 1310

A money market deposit account (MMDA) is

- A) a limited-access savings account with a minimum balance requirement offering money market rates.
- B) similar to a CD since you pay a penalty for early withdrawals.
- C) any savings account at a federally-insured financial institution that offers higher rates but is not insured.
- D) the statement a money market mutual fund sends you showing activity in your account.

Answer: <https://biology-forums.com/index.php?topic=502407>

Question 1311

Anita sold for \$60,000 her home that she purchased ten years ago for \$20,000. She then purchased another home a month later for \$70,000. The taxable amount of her capital gain is

- A) \$40,000.
- B) \$0.
- C) \$60,000.
- D) \$30,000.

Answer: <https://biology-forums.com/index.php?topic=502303>

Question 1312

A unit investment trust differs from a mutual fund in that

- A) its originator guarantees a redemption price.
- B) its original portfolio is generally unchanged until the trust is dissolved.
- C) it offers a combination of debt and equity securities in the unit.
- D) it requires considerably greater portfolio management.

Answer: <https://biology-forums.com/index.php?topic=505435>

Question 1313

Adjusted gross income equals gross income minus itemized deductions.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502346>

Question 1314

In extending an expense item for the current budget year, an often-used and useful approach is to

- A) adjust last year's figure upwards by this year's expected inflation.
- B) use the average of the last three years.
- C) use last year's figure plus a usual 10% "fudge factor."
- D) use last year's figure.

Answer: <https://biology-forums.com/index.php?topic=502172>

Question 1315

The best description of "universal life" insurance is that it is

- A) a policy that provides for inter-generational transfers.
- B) total family coverage, protecting husband, wife, and dependents.
- C) insurance for a large number (universe) of people at reduced rates.
- D) a combination of term insurance and tax-deferred savings.

Answer: <https://biology-forums.com/index.php?topic=505876>

Question 1316

While they are minors, children have a fiduciary responsibility to their parents.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505996>

Question 1317

The _____ focuses on how deviance is created by the capitalist economic system.

- a. Structural-functionalist perspective
- b. Interactionist perspective
- c. Conflict-critical theorists
- d. Functionalist perspective

Answer: <https://biology-forums.com/index.php?topic=504545>

Question 1318

The National Association of Insurance Commissions has developed standardized policies for medigap coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505787>

Question 1319

Over 25% of total employee compensation consists of fringe benefits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502601>

Question 1320

A buy-and-hold strategy implies that you

- A) believe in exploiting economic cycles.
- B) are an unsophisticated investor who needs professional help.
- C) do not try to increase return by frequent trading.
- D) do not sell stocks for tax reasons.

Answer: <https://biology-forums.com/index.php?topic=505170>

Question 1321

Which item below is not a valid reason for selling a security?

- A) The investor has an opportunity for a tax swap.
- B) Its alpha has increased.
- C) Its price has increased to such an extent that it is now overvalued.
- D) The investor's objectives change.

Answer: <https://biology-forums.com/index.php?topic=505168>

Question 1322

Workers' compensation programs are meant to help pay for medical expenses and lost income resulting from

- A) work-related injuries and illnesses.
- B) both work- and non-work-related injuries, but not illnesses.
- C) both work- and non-work-related injuries and illnesses.
- D) work-related injuries, but not work-related illnesses.

Answer: <https://biology-forums.com/index.php?topic=505718>

Question 1323

Under the mortgage clause in your homeowners' policy payments for damages may be made to the mortgage lender rather than the named insured.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505641>

Question 1324

Growth stocks typically have a lower current return than income stocks.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505336>

Question 1325

Which sequence of quoted bond yields most appropriately matches the following sequence of bonds: U.S. Treasury bond, corporate bond (high

quality), and municipal bond (high quality)?

- A) 10%, 8%, and 6%
- B) 8%, 6%, and 10%
- C) 8%, 10%, and 6%
- D) 6%, 8%, and 10%

Answer: <https://biology-forums.com/index.php?topic=505301>

Question 1326

Some financial institutions offer continuous compounding. This means that

- A) you must deposit at least \$10,000 to open an account offering this feature.
- B) your effective yield will be only slightly higher than daily compounding.
- C) in reality they are offering only simple interest.
- D) your effective yield will be about 20% higher than daily compounding.

Answer: <https://biology-forums.com/index.php?topic=502429>

Question 1327

The author of the text suggest that you should

- A) self-insure against minor monetary losses and purchase market insurance only to cover major financial losses.
- B) attempt to offset all risks with market-purchased insurance.
- C) self-insure against major financial losses and purchase market insurance only to cover minor monetary losses.
- D) attempt to offset all risks with self-insurance.

Answer: <https://biology-forums.com/index.php?topic=505544>

Question 1328

Page Litton likes to use her credit card to buy gas since she can defer payment for 30 days. However, she notices that her dealer charges 3 cents more per gallon than if she paid with cash. Page estimates paying about \$1.00 a gallon for gas, and her monthly credit statement shows an APR of 18%. Given this information, Page should

- A) pay with cash since its opportunity cost is about 36% a year.
- B) continue using her card since the opportunity cost of paying in cash is less than 18% a year.
- C) you can't tell unless you know how much gas she will buy.
- D) continue using her card, the effective cost of using cash is about 36% a year.

Answer: <https://biology-forums.com/index.php?topic=504631>

Question 1329

Which of the following statements concerning the sale of a home is false?

- A) Most home sales are closed without the aid of an attorney.
- B) Earnest money is returned to the purchaser if the seller does not accept the offer.
- C) A seller who is displeased with an offer to purchase can make a counter offer.
- D) The purchase contract places obligations on the purchaser, but not the seller.

Answer: <https://biology-forums.com/index.php?topic=504893>

Question 1330

Borrowers who anticipate a significant increase in the rate of inflation prefer adjustable-rate mortgages.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504976>

Question 1331

Which one of the following market tools is used to limit downside risk in the price of a stock?

- A) Deferred sales order
- B) Market order
- C) Stop order
- D) Limit order

Answer: <https://biology-forums.com/index.php?topic=505072>

Question 1332

If a buyer relies upon a seller to select a product for an intended purpose, there is an implied warranty that the seller's selection will prove suitable.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504809>

Question 1333

The Mark IV Fund had a rate of return of 21% last year. If its beta weight was +0.6 and if the return on the overall market was 12%, its risk adjusted rate of return, RAROR, is

- A) +19.5%.
- B) - 3.0%.
- C) + 2.0%.
- D) +23.0%.

Answer: <https://biology-forums.com/index.php?topic=505430>

Question 1334

Broad market exchange-traded funds, while useful, have not gained wide popularity with investors.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505500>

Question 1335

A traveler's check is likely to be more liquid than your personal check.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502536>

Question 1336

If your investment goal is merely to match the overall market, you should invest in an index fund.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505473>

Question 1337

Assuming positive interest rates, a present value of \$1,000

- A) is always less desirable than a future value of \$1,000.
- B) is always more desirable to a future value of \$1,000.
- C) is no more or no less desirable than a future value of \$1,000.
- D) You can't answer without more information.

Answer: <https://biology-forums.com/index.php?topic=502064>

Question 1338

The Ajax Fund, which trades on the New York Stock Exchange, was quoted with a NAV of \$10 and an offer price of \$10.50. Thus, we know the fund is

- A) open end with no load.
- B) open end with a load.
- C) closed end with a load.
- D) closed end with no load.

Answer: <https://biology-forums.com/index.php?topic=505416>

Question 1339

Marcia received a gift from her mother. She must include it as part of her gross income, and her mother may deduct it as an itemized contribution.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502348>

Question 1340

Dollar cost averaging consist of investing equal dollar amounts at regular intervals.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505210>

Question 1341

Everything in the letter of last instructions is subject to legal interpretation and challenge.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505986>

Question 1342

You deposit \$1,000 in an account offering an 8% yield, compounded semi-annually. At the end of one year, your total earned interest is

- A) \$40.80.
- B) \$40.00.
- C) \$81.60.
- D) \$80.00.

Answer: <https://biology-forums.com/index.php?topic=502427>

Question 1343

Banks pay interest on amounts held in escrow accounts.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504997>

Question 1344

The Redux Fund has issued 500,000 shares to its investors, and it holds 100,000 shares of various companies worth \$3 million. Therefore, the fund's NAV is \$30 a share.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505461>

Question 1345

An advantage of trading exchange-traded funds is that you can do so without incurring commission costs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505497>

Question 1346

\$500 invested at 8% at the beginning of each of the next four years will grow to approximately \$2,433.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502107>

Question 1347

Generally, unless an employer provides 100% funding for a 401(k) plan, it is a good idea to reject participating in the plan.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505520>

Question 1348

The longer a bond's maturity, the greater its price risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505394>

Question 1349

If you tell your broker the maximum price to pay for a stock, you have placed a

- A) market order.
- B) stop-loss order.
- C) limit order.
- D) price order.

Answer: <https://biology-forums.com/index.php?topic=505069>

Question 1350

The term copayment means that

- A) both the private insurer and the government will share the cost of the medical service.
- B) both you and your insurer will share the cost of the medical service.
- C) both your private physician and the hospital providing the service must be reimbursed simultaneously.
- D) both you and your physician will receive reimbursement for the medical expenses.

Answer: <https://biology-forums.com/index.php?topic=505690>

Question 1351

If you cannot meet the deadline for filing your return,

- A) the IRS will grant you an automatic extension if you file for an extension. However, you will be penalized if you have not paid your taxes by the filing date.
- B) you need only to file for an automatic extension and delay paying your taxes until you actually file your return.
- C) the IRS will grant you an automatic extension if you file an application. You will be able to file a late return and late payment of taxes without penalty. However, you may owe interest on the late tax payments.
- D) the IRS will level a penalty, regardless of whether you file an application for a time extension.

Answer: <https://biology-forums.com/index.php?topic=502311>

Question 1352

The acceleration clause allows

- A) the buyer to speed up the closing on the home.
- B) the lender to speed up the rate at which the loan becomes due.
- C) the seller to speed up the closing on the home.
- D) you to repay a loan before it becomes due.

Answer: <https://biology-forums.com/index.php?topic=504928>

Question 1353

The hospital insurance preferred by the author is

- A) expense insurance.
- B) holistic insurance.
- C) service-benefit insurance.
- D) indemnity insurance.

Answer: <https://biology-forums.com/index.php?topic=505687>

Question 1354

An investment vehicle that adjusts asset weights over time is an asset allocation mutual fund.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505519>

Question 1355

Standard and Poor's and Moody's provide bond ratings related to

- A) default probabilities.
- B) price betas.
- C) corporate debt management.
- D) interest-rate sensitivity ratios.

Answer: <https://biology-forums.com/index.php?topic=505312>

Question 1356

The socioeconomic system that is likely in the near future will be one where

- A) employers provide greater retirement benefits for their employees.
- B) huge increases in family savings eliminates the need for financial planning.
- C) families will be more self-reliant for their financial futures.
- D) government plays a greater role in solving financial problems.

Answer: <https://biology-forums.com/index.php?topic=502047>

Question 1357

Making goals concrete begins by determining their costs if they were undertaken today.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502117>

Question 1358

You are interested in buying some newly issued shares of a company. Prior to the sale, the company must provide the SEC with

- A) a prospectus.
- B) form 1040.
- C) an insurance binder to underwrite the securities.
- D) all of its prior years' tax returns.

Answer: <https://biology-forums.com/index.php?topic=505043>

Question 1359

A subprime loan is a high-risk loan at a high interest rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504738>

Question 1360

The nonforfeiture clause ensures that

- A) sales commissions are paid in the event of a prematurely terminated policy.
- B) cash value is protected by financial reserves.
- C) beneficiaries do not have to forfeit the proceeds to other claimants on the death estate.
- D) you do not lose the cash value of the policy if you cease making payments.

Answer: <https://biology-forums.com/index.php?topic=505856>

Question 1361

The best approach to get in on the ground floor of an emerging growth company is to buy its preferred stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505404>

Question 1362

Option and 2/28 mortgages

- A) are subsidized by the federal government.
- B) have contributed to the subprime mortgage crisis.
- C) are used by high income individuals in need of jumbo financing.
- D) have a high initial rate that declines when the borrowers credit rating improves.

Answer: <https://biology-forums.com/index.php?topic=504923>

Question 1363

In the will, you may name a guardian for your children.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505975>

Question 1364

Puffery such as, "This is a great product!" provides an implied warranty.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504811>

Question 1365

A joint federal-state effort to cover medical expenses for the needy is known as

- A) Medigap.
- B) Medicare.
- C) Mediplan.
- D) Medicaid.

Answer: <https://biology-forums.com/index.php?topic=505726>

Question 1366

Your liability for the fraudulent use of a stolen debit card can exceed the \$50 limit on a stolen credit card.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504706>

Question 1367

Robert Kennedy's assassination in 1968 is an example of which type of crime?

- a. Property crime
- b. Political crime
- c. Organized crime
- d. White-Collar crime

Answer: <https://biology-forums.com/index.php?topic=504575>

Question 1368

Members of the Internal Revenue Service are prohibited by law from offering taxpayer assistance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502376>

Question 1369

Interest rate volatility increases the complexity of cash management.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502547>

Question 1370

If you need individual coverage, a good way of holding down your insurance costs would be to

- A) purchase a comprehensive health care policy.
- B) purchase accident insurance supplemented by policies for specific catastrophic diseases such as cancer.
- C) purchase only accident insurance.
- D) purchase major medical insurance with high deductibles.

Answer: <https://biology-forums.com/index.php?topic=505728>

Question 1371

If you have a capital short-term gain of \$500, only \$200 is included in gross income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502373>

Question 1372

If those who are in ill health purchase health insurance and this raises the premiums for all of the insureds, this would be an example of

- A) pure risk.
- B) a non-insurable interest.
- C) moral suasion.
- D) adverse selection.

Answer: <https://biology-forums.com/index.php?topic=505532>

Question 1373

Bob Wheems borrowed \$1,000. He received \$840 and must repay the loan in one year. This is an example of a discount loan with an APR of 16 percent.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504719>

Question 1374

A dividend reinvestment plan can be a routine way to invest in a stock.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505212>

Question 1375

Refund anticipation loans

- A) are generally high cost sources of credit.
- B) are regularly provided by the Internal Revenue Service.
- C) are prohibited in most states.
- D) generate interest cost deductions in the subsequent tax year.

Answer: <https://biology-forums.com/index.php?topic=502314>

Question 1376

Although volatile, future interest rates are relatively easy to forecast.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502548>

Question 1377

Matthew had a \$4,000 gain from the sale of his car. He

- A) can defer paying taxes on the gain by buying another customized car of equal or greater value.
- B) need not report the gain since it arose from the sale of a personal asset.
- C) must report the gain as a capital gain.
- D) must report only half the gain since capital gains enjoy favorable tax treatment.

Answer: <https://biology-forums.com/index.php?topic=502298>

Question 1378

Suppose your taxable income is over \$66,000 but less than \$137,000 and your taxes are equal to \$15,000 plus 30% of any amount over \$66,000. If your income is \$80,000, what is your tax payment?

- A) \$19,800
- B) \$56,100
- C) \$4,200
- D) \$19,200

Answer: <https://biology-forums.com/index.php?topic=502279>

Question 1379

The most widely purchased homeowners' insurance providing all risks coverage on the dwelling and named perils coverage on personal property is

- A) Special Form HO-3.
- B) Broad Form HO-2.
- C) Basic Format HO-1.
- D) Comprehensive Form HO-5.

Answer: <https://biology-forums.com/index.php?topic=505578>

Question 1380

Inflation risk means that an investment's return might be either higher or lower than the inflation rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505175>

Question 1381

The deductibility of mortgage interest for tax purposes is an example of a selectively rewarding tax system.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502584>

Question 1382

When driving a company car your personal auto policy may not cover you.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505670>

Question 1383

A personal income statement shows

- A) all revenue, expense, asset, liability, and net worth items.
- B) a detailed breakdown of cash income and expenses over a past period of time.
- C) your contribution to savings for the year by following strict accounting rules for determining net income.
- D) a comparison of income and expenses at a point in time.

Answer: <https://biology-forums.com/index.php?topic=502148>

Question 1384

An example of a zero-beta asset is

- A) the stock of a mature company, such as General Motors.
- B) a thoroughly diversified portfolio of common stocks.
- C) a Treasury bill.
- D) the stock of a rapidly-growing Internet company, such as Yahoo!.

Answer: <https://biology-forums.com/index.php?topic=505158>

Question 1385

In applying for credit, you should omit all data having to do with your net worth since lenders may wish to attach it as collateral.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504682>

Question 1386

A _____ is a widespread, but disproportionate reaction, to the form of deviance in question.

- a. Understandable panic
- b. Immoral panic
- c. Hasty panic
- d. Moral panic

Answer: <https://biology-forums.com/index.php?topic=504571>

Question 1387

Which of the following are secured by collateral?

- A) Only debentures
- B) Debentures and subordinated debentures
- C) Only subordinated debentures
- D) Mortgages bonds

Answer: <https://biology-forums.com/index.php?topic=505273>

Question 1388

A revolving credit account provides a credit limit and a minimum monthly payment.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504694>

Question 1389

A stock's beta is positively related the market risk premium.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505200>

Question 1390

A company's fundamental value may be derived

- A) by constructing an appropriate chart.
- B) by referring to the Blue Book of Fundamental Values.
- C) through interviews with the company's management.
- D) from the application of a price-to-earnings analysis.

Answer: <https://biology-forums.com/index.php?topic=505257>

Question 1391

Estate planning deals with the problems of passing our wealth to our heirs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502600>

Question 1392

Your failure to notify the police in the event of theft may invalidate your homeowners coverage for theft.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505659>

Question 1393

The add-on clause on a consumer loan

- A) allows the creditor to add on additional interest when the market rate of interest rises.
- B) allows you to add on additional loans at the existing rate on your current loans.
- C) allows the lender to repossess all goods purchased with the original loan even though your total payments may have been enough to cover an earlier purchase.
- D) allows you to extend the term of the loan by adding on additional installments.

Answer: <https://biology-forums.com/index.php?topic=504658>

Question 1394

With a renewable term life policy you may extend your coverage for an additional period, but you must first pass a medical examination.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505937>

Question 1395

The cost of operations includes

- A) all auto expenses.
- B) all variable costs.
- C) all fixed costs.
- D) the cost of finance.

Answer: <https://biology-forums.com/index.php?topic=504783>

Question 1396

A codicil is a will that covers each partner to the marriage, and which takes effect at the death of the first.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505982>

Question 1397

A legal arrangement for sharing ownership in life and death is known as a codicil.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505978>

Question 1398

The individual appointed by the judge to manage the estate immediately after death when there is no valid will is known as the

- A) executor.
- B) grantee.
- C) grantor.
- D) administrator.

Answer: <https://biology-forums.com/index.php?topic=505894>

Question 1399

A loan on a life insurance policy is shown as a noncurrent liability even though the debt has no due date.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502203>

Question 1400

The greatest annual depreciation in the market value of new cars occurs in the

- A) third year of ownership.
- B) tenth year of ownership when the market value drops to zero.
- C) first year of ownership.
- D) sixth to seventh year of ownership.

Answer: <https://biology-forums.com/index.php?topic=504780>

Question 1401

Financial success is defined as adding to your net worth each year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502571>

Question 1402

There is a uniform federal tax that is applied to both death transfers and gift transfers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502395>

Question 1403

For purposes of annual budgeting, it is better to

- A) express income goals concretely and expense goals broadly; this usually assures adequate savings.
- B) express all goals concretely, which then reduces all goals to yearly consumption and savings targets.
- C) express goals very broadly to allow for flexibility.
- D) ignore goals altogether and focus instead on savings.

Answer: <https://biology-forums.com/index.php?topic=502170>

Question 1404

From the stockholder's point of view, a stock split has the same end result as a stock dividend.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505332>

Question 1405

The directors of the condominium association are chosen by the financial institution holding the mortgage on the common areas.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504941>

Question 1406

With a traditional IRA you can permanently avoid paying taxes on a portion of your earned income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502351>

Question 1407

Which one of the following is not true of the executor?

- A) The named executor does not have the right to decline appointment as executor.
- B) The executor will normally be paid a fee for services performed.
- C) The executor manages the estate during probate.
- D) Unless stated otherwise in the will, the executor must post bond to guarantee performance of duties.

Answer: <https://biology-forums.com/index.php?topic=505896>

Question 1408

Which policy is designed to aid in estate tax planning in that it can pay out at the death of the last surviving spouse?

- A) Survivorship joint life
- B) Single life

- C) Joint life
- D) Family life

Answer: <https://biology-forums.com/index.php?topic=505840>

Question 1409

Most home sales are through a real estate agent.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504952>

Question 1410

Which statement is most appropriate?

- A) Recessions are not likely to occur in the future.
- B) Business cycles will continue in the future.
- C) A recession usually does not impact college recruiting.
- D) The economy is headed into long-run recession.

Answer: <https://biology-forums.com/index.php?topic=502059>

Question 1411

Which item below is not a type of IRS audit?

- A) Field audit
- B) Office audit
- C) Correspondence audit
- D) Administrative audit

Answer: <https://biology-forums.com/index.php?topic=502309>

Question 1412

In receiving a credit application, lenders often look for

- A) character, capital, capacity.
- B) honesty, honor, net worth.
- C) earnings, earnestness, eagerness.
- D) net worth, net income, no-nonsense.

Answer: <https://biology-forums.com/index.php?topic=503665>

Question 1413

The amount of funds needed to buy 100 shares of a stock at \$80 a share with a margin account and an initial margin requirement of 50% is

- A) \$6,400.
- B) \$4,000.
- C) \$5,600.
- D) \$2,400.

Answer: <https://biology-forums.com/index.php?topic=505058>

Question 1414

If you bought a security at \$10 a share and its price then rose to \$30, you might wish to protect your profit by placing a stop-loss order at, say, \$28 a share.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505122>

Question 1415

Dental insurance generally covers

- A) the cost of preventive care with co-insurance on nonroutine dental work.
- B) all dental care with little or no deductibles.
- C) only dental surgery.
- D) only nonpreventive dental care such as filling cavities.

Answer: <https://biology-forums.com/index.php?topic=505700>

Question 1416

An aggregate rate cap limits the interest rate movement over the entire term of the loan.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504980>

Question 1417

Order the following investments in terms of their historic returns from highest to lowest.

- A) bonds, Treasury bills, stocks
- B) bonds, stocks, Treasury bills
- C) Treasury bills, stocks, bonds
- D) stocks, bonds, Treasury bills

Answer: <https://biology-forums.com/index.php?topic=505143>

Question 1418

A net listing agreement

- A) provides the buyer's agent a predetermined amount of money from the sale of the home.
- B) provides the seller a predetermined amount of money from the sale of the home.
- C) provides the seller's agent a predetermined amount of money from the sale of the home.
- D) specifies the total commission to be paid to the buyer's agent and the seller's agent.

Answer: <https://biology-forums.com/index.php?topic=504888>

Question 1419

The Annual Percentage Rate is the ratio of the finance charge to the average amount of credit over the life of the loan.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504720>

Question 1420

Which method of determining interest provides the least interest amount?

- A) Day-of-deposit-day-of-withdrawal
- B) FIFO
- C) LIFO
- D) You can't tell without more information.

Answer: <https://biology-forums.com/index.php?topic=502435>

Question 1421

Which of the following forms of hospital insurance makes full and direct reimbursement to the provider of care for covered services?

- A) Hospital service-benefit coverage
- B) Hospital indemnity insurance
- C) Hospital expense insurance
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=505688>

Question 1422

The best time to begin life insurance coverage

- A) is when you need a tax-sheltered investment fund.
- B) is when you have potential survivors who would suffer a financial loss at your death.
- C) is as a child.
- D) is as a single adult who has just graduated and entered the labor force.

Answer: <https://biology-forums.com/index.php?topic=505817>

Question 1423

Interest is added to the amount financed in order to determine total payments under the

- A) rule of 78.
- B) simple interest method.
- C) add-on interest method.
- D) discount interest method.

Answer: <https://biology-forums.com/index.php?topic=504651>

Question 1424

An annuity is

- A) a series of equal payments.
- B) a series of unequal payments.
- C) a sum received in the future.
- D) a sum earned in the future but received now.

Answer: <https://biology-forums.com/index.php?topic=502079>

Question 1425

Mortgages with a low down payment may require an escrow account.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504967>

Question 1426

With an initial margin requirement of 50%, if you have \$10,000 in cash you can buy \$20,000 of securities.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505112>

Question 1427

Mona Farrow has \$2,000 of liquid assets and \$12,000 of take-home pay. Mona has two months of liquid reserves and most financial advisors would consider this inadequate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502221>

Question 1428

Interest is computed by applying the annual percentage rate to the outstanding loan balance under the

- A) simple interest method.
- B) Rule of 78.
- C) add-on interest method.
- D) discount interest method.

Answer: <https://biology-forums.com/index.php?topic=504645>

Question 1429

A Treasury strip is a type of Treasury zero-coupon bond.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505378>

Question 1430

If you were capable of earning more than \$940 a month in 2008 you were not eligible for Social Security disability payments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505800>

Question 1431

Which of the following is generally not a good reason for using credit?

- A) To increase your consumption benefits
- B) As a shopping convenience
- C) If you expect prices will fall in the future
- D) As a source of emergency funds

Answer: <https://biology-forums.com/index.php?topic=503662>

Question 1432

Which of the following items are not included in gross income for the calculation of your federal income taxes?

- A) Wages and salaries
- B) Awards
- C) Dividends

- D) Municipal bond interest
- E) All of the above items are included in gross income.

Answer: <https://biology-forums.com/index.php?topic=502250>

Question 1433

In recent years the annual inflation rate has been

- A) between 5% and 10% each year.
- B) between 2 and 4 percent.
- C) over 10% each year.
- D) negative (deflation) in about half the years.

Answer: <https://biology-forums.com/index.php?topic=502061>

Question 1434

GFX stock is currently paying dividend equal to 2% percent of its current market price. If you expect earnings to increase at an annual rate of 6%, the expected total return on the stock is

- A) 4%.
- B) 2%.
- C) 8%.
- D) 6%.

Answer: <https://biology-forums.com/index.php?topic=505244>

Question 1435

Adding together all 12-month cumulative income and expense variances should equal

- A) actual savings (or dissavings).
- B) planned savings (or dissavings).
- C) the difference between planned saving and actual saving.
- D) zero.

Answer: <https://biology-forums.com/index.php?topic=502180>

Question 1436

From the saver's point of view, the best method of computing interest is the day of deposit day of withdrawal method.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502540>

Question 1437

Money market deposit accounts and money market mutual funds are identical financial products.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502450>

Question 1438

The future value of \$500 invested at the end of each of the next three years is \$1,555 (assuming a 10% interest rate).

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502104>

Question 1439

In most states auto insurance companies discriminate on the basis of sex by charging male drivers higher premiums than female drivers.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505671>

Question 1440

Interest payments on auto loans are not tax-deductible.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504829>

Question 1441

- A wage-earner plan is a form of bankruptcy that
- A) forces you to turn over no less than half your future wages until your debts are repaid.
 - B) once filed cannot be filed again for six years.
 - C) must be used before you can file a straight bankruptcy.
 - D) allows you to keep your assets.

Answer: <https://biology-forums.com/index.php?topic=504676>

Question 1442

Sue Hank has just indicated that the extra benefits from getting an A in her personal finance course are not worth the extra effort she must give. Sue used marginal analysis in making her decision.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502593>

Question 1443

Lenders can discriminate against you on the basis of your

- A) income.
- B) gender.
- C) age.
- D) You can not be discriminated against for any of these reasons.

Answer: <https://biology-forums.com/index.php?topic=503667>

Question 1444

The apportionment clause makes it impossible for you to collect more than the value of your loss when you have multiple policies.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505643>

Question 1445

With a traditional IRA and earned income below federally determined limits, the annual contributions

- A) are taxed, but the interest on the fund accumulates tax free.
- B) reduce your taxes, but the interest income on the IRA is taxed in the year it is earned.
- C) are taxed once when they are placed in the IRA and again when they are disbursed from the IRA.
- D) reduce your taxable income. The funds in the IRA and the return on the IRA are not taxed until the funds are disbursed in your retirement years.

Answer: <https://biology-forums.com/index.php?topic=502258>

Question 1446

If the cost of an office visit is \$30 and you have a \$10 copayment under your health insurance coverage, then you pay

- A) \$10.
- B) \$20.
- C) \$40.
- D) \$30.

Answer: <https://biology-forums.com/index.php?topic=505691>

Question 1447

Variable life differs from universal life in that

- A) universal life has an investment component and variable life does not.
- B) variable life's cash value depends on an underlying portfolio of financial investments.
- C) variable life has an investment component and universal life does not.
- D) variable life provides a guaranteed investment return.

Answer: <https://biology-forums.com/index.php?topic=505879>

Question 1448

At the end of 2005, Phil had a net worth of \$10,000. During 2008, he plans to save \$2,000 and he also expects the market value of his assets to increase by 5%. If Phil's total liabilities were \$4,000 at December 31, 2007, his December 31, 2008 net worth will be

- A) \$12,000.
- B) \$12,700.

C) \$12,800.

D) \$12,500.

Answer: <https://biology-forums.com/index.php?topic=502144>

Question 1449

A "HOLDR" is an example of a market segment exchange-traded fund.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505499>

Question 1450

Social Security benefits for the custodial spouse are phased out if he or she has substantial market earnings.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505922>

Question 1451

A certified check is a personal check certified by a bank that the account contains adequate funds to cover the check.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502555>

Question 1452

If you purchase a stock put, the put allows you to

A) buy stock at the current market price.

B) sell stock at the current market price.

C) sell stock at a stated price.

D) buy stock at a stated price.

Answer: <https://biology-forums.com/index.php?topic=505025>

Question 1453

Your chances of coming out of arbitration with a better offer than previously provided by the dealer or manufacturer are almost 90%.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504851>

Question 1454

The standard advice of financial analysts has been to buy term insurance and invest the difference between the cost of term value insurance and cash value insurance.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505956>

Question 1455

Filing bankruptcy means the end of credit for your life.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504741>

Question 1456

An investment vehicle that shifts asset weights over time is

A) cyclical stock.

B) an asset allocation fund.

C) a return-indexed insurance policy.

D) a market timing limited partnership.

Answer: <https://biology-forums.com/index.php?topic=505454>

Question 1457

A savings schedule with a zero ending balance means that

- A) some goals will not be achieved.
- B) annual deposits are sufficient to meet all goals.
- C) the most desirable schedule has been determined.
- D) more savings are needed each year.

Answer: <https://biology-forums.com/index.php?topic=502091>

Question 1458

A disadvantage to reading the financial pages of local newspapers is the attention they give to local companies.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505127>

Question 1459

A three digit number meant to reflect you ability to bear financial risk is known as your

- A) credit ID.
- B) personal identification number.
- C) credit score.
- D) rico.

Answer: <https://biology-forums.com/index.php?topic=504626>

Question 1460

Mary has been working as an administrative assistant at the same company for 30 years. She goes through the motions at her job with little motivation. She has realized that she will never get promoted and has become extremely defeated. According to the strain theory, Mary is an example of a:

- a. Ritualist
- b. Rebellionist
- c. Conformist
- d. Innovator

Answer: <https://biology-forums.com/index.php?topic=504537>

Question 1461

An HMO typically covers

- A) both life and health insurance.
- B) a portion of your medical expenses, the balance being covered by Blue Cross/Blue Shield.
- C) only specified illness and accidents.
- D) all your medical expenses with the exception of certain deductibles.

Answer: <https://biology-forums.com/index.php?topic=505709>

Question 1462

People are most likely to commit crimes during which time period?

- a. Middle age
- b. Later years of adulthood
- c. Late adolescence
- d. Elder years

Answer: <https://biology-forums.com/index.php?topic=504584>

Question 1463

Assume that you are considering investing in Xerox common stock. You have found that its beta is +1.2 and you think a market risk premium should be 8%. If you could earn 12% on risk-free Treasury securities, Xerox has a required return of _____%.

- A) 24.0
- B) 14.4
- C) 22.4
- D) 21.6

Answer: <https://biology-forums.com/index.php?topic=505160>

Question 1464

A special situation in a stock often refers to the possibility the company will be acquired by another company.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505339>

Question 1465

The NYSE is an example of an organized exchange.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505088>

Question 1466

Which of the following policies can be sold only by a registered securities dealer?

- A) Whole life
- B) Variable life
- C) Term life
- D) Universal life

Answer: <https://biology-forums.com/index.php?topic=505880>

Question 1467

The dollar value of the personal exemptions

- A) will depend upon your tax credits.
- B) is positively related to the number of dependents.
- C) is positively related to taxable income.
- D) depends only on the number of adults in the household.

Answer: <https://biology-forums.com/index.php?topic=502264>

Question 1468

Zero, Inc. has an EPS of \$5.00 and a P/E ratio of 10. This means the current market price of a share of Zero stock is

- A) \$50.00.
- B) \$5.00.
- C) \$55.00.
- D) \$2.00.

Answer: <https://biology-forums.com/index.php?topic=505258>

Question 1469

Interest payments on an auto loan

- A) are fully tax-deductible.
- B) are partially tax-deductible until year 2010.
- C) are only tax-deductible in the year the loan is repaid.
- D) are not tax-deductible.

Answer: <https://biology-forums.com/index.php?topic=504775>

Question 1470

Bob and his wife Emily have agreed to make gifts each year to their three children. The maximum amount they can jointly give each year without incurring a potential estate tax on the gifts is

- A) \$30,000.
- B) \$24,000.
- C) \$66,000.
- D) \$72,000.

Answer: <https://biology-forums.com/index.php?topic=502331>

Question 1471

Gross income consists of

- A) only earned income.
- B) all income less tax credits.
- C) all income subject to the federal income tax.
- D) income from all sources.

Answer: <https://biology-forums.com/index.php?topic=502249>

Question 1472

In order to simplify the record-keeping chores of budgeting, you should use cash to pay bills whenever you can.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502241>

Question 1473

Property cannot be left directly to minor children.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505979>

Question 1474

Lou Hinton's savings account (offering 12% simple interest) showed the following activity for the month of June:

Opening balance \$2,000
6/10 Deposit 1,000
6/20 Withdrawal (800)
6/30 Ending Balance 2,200

Interest earned in June with the minimum balance method would be

- A) unknown.
- B) \$30.00.
- C) \$22.00.
- D) \$20.00.

Answer: <https://biology-forums.com/index.php?topic=502430>

Question 1475

Lou Hinton's savings account (offering 12% simple interest) showed the following activity for the month of June:

Opening balance \$2,000
6/10 Deposit 1,000
6/20 Withdrawal (800)
6/30 Ending Balance 2,200

Interest earned in June with the FIFO method would be

- A) \$24.00.
- B) \$18.67.
- C) \$12.00.
- D) \$21.33.

Answer: <https://biology-forums.com/index.php?topic=502431>

Question 1476

Comprehensive Form (HO-5) provides all risks coverage on both the dwelling and personal property.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505653>

Question 1477

Which of the following statements concerning Medicare is false?

- A) Medicare can cover specific illness, such as kidney failure, for those under age 65.
- B) Medicare provides limited coverage for hospital stays and skilled nursing facilities. With extended stays you may be responsible for all costs.
- C) Medicare is a federally-sponsored health care insurance generally available to those over 65.
- D) Medicare is free federally-sponsored insurance and does not require premium payments.

Answer: <https://biology-forums.com/index.php?topic=505727>

Question 1478

Which of the following could not be taken as an itemized deduction?

- A) Property taxes
- B) Commuting expenses
- C) Medical expenses
- D) Mortgage interest expenses

Answer: <https://biology-forums.com/index.php?topic=502273>

Question 1479

Generally speaking, planners can usually seek higher return investments to meet

- A) long-term goals.

- B) goals of any term.
- C) dreams, but not goals.
- D) short-term goals.

Answer: <https://biology-forums.com/index.php?topic=502090>

Question 1480

One significant benefit of leasing is that you don't have to worry about excessive wear and tear on the car.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504844>

Question 1481

Which of the following is an adjustment to gross income?

- A) Job related moving expenses
- B) Gambling losses
- C) Qualified Educational Expenses
- D) Property taxes

Answer: <https://biology-forums.com/index.php?topic=502256>

Question 1482

One common characteristic of open-end leases is that

- A) the monthly payments are variable and open-ended.
- B) the length of the lease may be automatically extended by the lessee.
- C) the total cost of the lease remains unknown until the end of the leasing period.
- D) all of the above are common characteristics of open-end leases.

Answer: <https://biology-forums.com/index.php?topic=504791>

Question 1483

The Federal Trade Commission has found that low-interest dealer financing

- A) is often provided in place of the typical dealer discount.
- B) has often been denied single females.
- C) usually benefits the consumer.
- D) violates federal credit laws.

Answer: <https://biology-forums.com/index.php?topic=504773>

Question 1484

If you expect a decline in the price of a stock, you might engage in a short sale.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505118>

Question 1485

A periodic rate cap limits adjustable-rate movements over only a single adjustment period.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504984>

Question 1486

Foreclosure is the legal process that terminates your property rights and forces the sale of your home.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505003>

Question 1487

A security's beta (also called beta weight) is a statistic that measures

- A) its risk in relation to a risk-free asset.
- B) the range of its returns over a period of time.
- C) the responsiveness of its return over time to returns of the overall market.
- D) its degree of random risk.

Answer: <https://biology-forums.com/index.php?topic=505155>

Question 1488

A flexible spending health care account

- A) can pay for health insurance deductibles with pretax dollars.
- B) permits you to increase premiums in order to purchase increased benefits.
- C) automatically adjusts premiums to reflect changes in health care costs.
- D) is funded through employer contributions.

Answer: <https://biology-forums.com/index.php?topic=505722>

Question 1489

A zero-coupon bond is one with no redemption date.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505371>

Question 1490

A purchase order for less than 100 shares of stock is called

- A) an odd lot.
- B) a broken lot.
- C) a split order.
- D) an even lot.

Answer: <https://biology-forums.com/index.php?topic=505055>

Question 1491

An equity trust invests in equity securities, such as common stocks.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505503>

Question 1492

With decreasing term insurance

- A) the cost of the insurance protection decreases as the insured ages.
- B) the cash value of the policy decreases as the insured ages.
- C) the surrender value of the policy decreases as the insured ages.
- D) the face amount of insurance protection decreases as the insured ages.

Answer: <https://biology-forums.com/index.php?topic=505862>

Question 1493

The strain theory is part of the structural-functional approach in explaining deviant behavior.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504596>

Question 1494

The rate on new issues of U.S. Series EE savings bond five years is set at 90% of rate on 5-year Treasury securities.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502521>

Question 1495

The real estate agent typically represents

- A) the buyer of the home.
- B) only himself or herself, and neither the buyer or the seller of the home.
- C) the seller of the home.
- D) only the real estate agency, and neither the buyer or the seller of the home.

Answer: <https://biology-forums.com/index.php?topic=504883>

Question 1496

Creating your own vouchers may be desirable when you use cash to pay bills.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502243>

Question 1497

The federal government has

- A) an estate tax and an inheritance tax, but no gift tax.
- B) an estate tax, a gift tax, and an inheritance tax.
- C) an estate tax, but no gift or inheritance tax.
- D) an estate tax and a gift tax, but no inheritance tax.

Answer: <https://biology-forums.com/index.php?topic=502336>

Question 1498

The four-step approach to financial planning begins by evaluating your success in goal achievement.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502591>

Question 1499

There are some people who want the Constitution to state that marriage should only be between a husband and a wife, thus having same sex marriage be defined as a deviant act. These people are examples of:

- a. Immoral entrepreneurs
- b. Virtuous entrepreneurs
- c. Moral entrepreneurs
- d. Honorable entrepreneurs

Answer: <https://biology-forums.com/index.php?topic=504570>

Question 1500

A researcher who is studying organized crime and is utilizing the interactionist perspective would focus on:

- a. Large scale societal institutions
- b. Conflict that exists between the elite and the masses
- c. How a person chooses to be a part of organized crime because it provides protection
- d. The purposes of organized crime in various societies

Answer: <https://biology-forums.com/index.php?topic=504548>

Question 1501

In constructing a portfolio of investments, you can eliminate random risk but not market risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505193>

Question 1502

You always sell shares of a no-load, open-end fund at their net asset values.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505467>

Question 1503

Given a cash value policy with the following characteristics: face value = \$200,000, cash value = \$50,000, outstanding loans = \$10,000 and surrender charges = \$1,000, the amount of death protection is

- A) \$190,000.
- B) \$150,000.
- C) \$140,000.
- D) \$200,000.

Answer: <https://biology-forums.com/index.php?topic=505869>

Question 1504

You can receive an automatic four month extension for filing your federal tax return

- A) under most circumstances.
- B) only if you are in the armed services.
- C) only if you are out of country.
- D) only if you are physically or mentally incapacitated.

Answer: <https://biology-forums.com/index.php?topic=502310>

Question 1505

Individual health care coverage is always a better buy than group coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505794>

Question 1506

If the rate of increase in the dollar value of your net worth equals the rate of inflation, then your

- A) nominal net worth is unchanged.
- B) real income is unchanged.
- C) nominal income is unchanged.
- D) real net worth is unchanged.

Answer: <https://biology-forums.com/index.php?topic=502161>

Question 1507

A health maintenance organization (HMO)

- A) is an insurer of health care and not a provider of health care.
- B) is both an insurer and provider of health care.
- C) is a provider of health care and not an insurer of health care.
- D) functions as a middleman between the insurer and the provider of health care.

Answer: <https://biology-forums.com/index.php?topic=505711>

Question 1508

Local income taxes may be taken as an itemized deduction on your federal tax return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502364>

Question 1509

With a home equity loan, banks typically let you borrow up to 75-80% of the equity in your home.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504728>

Question 1510

A likely example of a growth stock is

- A) the U.S. Postal Service.
- B) Microsoft.
- C) Meadwestvaco.
- D) General Motors.

Answer: <https://biology-forums.com/index.php?topic=505236>

Question 1511

The law requires lenders to inform borrowers of the APR and the monthly interest rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504709>

Question 1512

Good advice is to buy stocks with positive alpha values.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505345>

Question 1513

If your liquidity ratio is 1.50, you have

- A) \$1.50 in liquid assets for \$1.00 of total liabilities.
- B) \$1.50 in liquid assets for \$1.00 of take-home pay.
- C) \$1.50 in liquid assets for \$1.00 of current liabilities.
- D) \$1.50 in liquid assets for \$1.00 of total assets.

Answer: <https://biology-forums.com/index.php?topic=502162>

Question 1514

If you have a dispute over an item on your monthly credit statement, you should

- A) pay the disputed amount before contesting the charge.
- B) call the creditor on the phone, explain the dispute, and request a revised statement.
- C) not pay any part of the bill until the matter is resolved since a payment is an admission of guilt.
- D) notify the creditor in writing, indicate the nature of your position, and pay any amount that is not disputed.

Answer: <https://biology-forums.com/index.php?topic=504636>

Question 1515

Individual practice arrangements are usually more costly than group staff HMOs.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505776>

Question 1516

A cumulative variance is one carried over from the previous budget year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502246>

Question 1517

A loan consolidation may be used to stretch out payments on student loans.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504736>

Question 1518

An annuity contract will pay you \$4,000 a year (end of year) for the next three years. Or, you can choose to receive \$12,610 at the end of the third. Assuming that you can earn 8% on investments, you should

- A) choose to receive the \$12,610 payment.
- B) choose to receive the \$4,000 annuity payments.
- C) flip a coin to make the choice; each is equally attractive.
- D) flip a coin to make the choice; each is equally unattractive.

Answer: <https://biology-forums.com/index.php?topic=502088>

Question 1519

Bud Wiser's nominal income was \$10,000 in 2007 and \$11,000 in 2008. If the inflation rate in 2008 was 8%, Bud's real income fell in 2008.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502214>

Question 1520

Which item below is not a shareholder right?

- A) Right to vote
- B) Redemption right
- C) Right to share earnings or asset distributions
- D) Preemptive right

Answer: <https://biology-forums.com/index.php?topic=505225>

Question 1521

Over the last two decades stock market returns have been

- A) over 25% each year.
- B) in a range between -25% and +40%.
- C) under 20% each year.
- D) negative for most years.

Answer: <https://biology-forums.com/index.php?topic=502060>

Question 1522

You keep an average outstanding balance on your credit card of \$1,000. Your present credit card has an annual premium of \$25 and 18% APR on the outstanding balance. Given the following list of annual premiums, what is the maximum amount you would be willing to pay for a credit card that had a 15% APR?

- A) \$70
- B) \$50
- C) \$100
- D) \$90

Answer: <https://biology-forums.com/index.php?topic=504632>

Question 1523

A long position reflects the expectation of price increases.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505114>

Question 1524

Liquid assets are less risky than investment assets.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502193>

Question 1525

Annual stock market returns during the period 2000-2006 were fairly stable.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502580>

Question 1526

The apportionment clause ensures that

- A) liability is shared by you and your insurer.
- B) damages are appropriately apportioned among responsible parties.
- C) copayments are not more than 80 percent of dwelling protection.
- D) you do not receive more than 100 percent of your loss by having multiple policies.

Answer: <https://biology-forums.com/index.php?topic=505566>

Question 1527

The PEG ratio is calculated by dividing the stock's

- A) price earnings ratio by estimated earnings growth.
- B) market price by the company's earnings gradient.
- C) price earnings ratio by the company's book value.
- D) market price by its earnings growth.

Answer: <https://biology-forums.com/index.php?topic=505261>

Question 1528

If you are seeking moderate growth and moderate current return, you should select

- A) an income fund.
- B) a balanced fund.
- C) a money market fund.
- D) a mixed fund.

Answer: <https://biology-forums.com/index.php?topic=505418>

Question 1529

A brokerage cash account allows you to borrow cash to buy securities.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505108>

Question 1530

The most appropriate definition of a balance sheet is that it is a statement that shows

- A) your wealth (net worth) as of a specific date.
- B) a balance between one's goals and resources available to achieve them.
- C) a realistic balance between income and expenses for an upcoming period.
- D) how to balance your financial books of account.

Answer: <https://biology-forums.com/index.php?topic=502129>

Question 1531

The elimination or waiting period for disability income- protection is the time between

- A) the onset of the disability and when coverage for lost income begins.
- B) when you apply for membership and when you are admitted into the plan.
- C) the onset of the disability and rehabilitation.
- D) when you pay your first premium and when your plan coverage begins.

Answer: <https://biology-forums.com/index.php?topic=505743>

Question 1532

Comprehensive medical insurance is designed to

- A) provide major protection against most medical expenses with a small deductible.
- B) do the same as answer "A" above, but it also includes disability income protection.
- C) provide protection against a comprehensive array of accidents and illnesses, but with relatively low coverage against any of them.
- D) replace traditional insurance such as Blue Cross/Blue Shield.

Answer: <https://biology-forums.com/index.php?topic=505683>

Question 1533

The most important reason for having life insurance is that it is a tax advantaged source of savings.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505917>

Question 1534

Disability insurers are generally unwilling to provide insurance replacing more than 60- 70% of lost income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505813>

Question 1535

Speculative risk

- A) exists whenever there is the potential for both gain and loss.
- B) exists only in financial markets.
- C) exists whenever there is only the possibility of loss.
- D) exists only in gambling.

Answer: <https://biology-forums.com/index.php?topic=505527>

Question 1536

If you are comparing fund expenses for two funds with different objectives, it is better to reference the expenses against each fund's earnings rather than its assets.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505487>

Question 1537

With a margin account, you can expect

- A) to leverage the amount you invest.
- B) to magnify your gains or losses.
- C) to pay interest on a broker's loan.
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=505062>

Question 1538

In the stilted language of auto policies, the "second party" in an accident is

- A) the passenger in your car.
- B) you.
- C) your insurer.
- D) the driver of the other car.

Answer: <https://biology-forums.com/index.php?topic=505598>

Question 1539

Given recent market experience a dollar today is worth

- A) less than a dollar five years from now.
- B) more or less than a dollar five years from now.
- C) about the same as a dollar five years from now.
- D) more than a dollar five years from now.

Answer: <https://biology-forums.com/index.php?topic=502065>

Question 1540

The longer the maturity of a zero coupon bond, the

- A) greater the difference between its price and redemption value.
- B) greater its redemption value
- C) less the difference between its price and redemption value.
- D) greater its price.

Answer: <https://biology-forums.com/index.php?topic=505282>

Question 1541

Tax deferral

- A) is illegal, while tax avoidance is legal.
- B) is the same as tax avoidance.
- C) differs from tax avoidance but may also lower your tax payments because of the compounding effect of untaxed income.
- D) is a poor tax planning approach whenever you expect a future marginal tax rate lower than your current marginal rate.

Answer: <https://biology-forums.com/index.php?topic=502324>

Question 1542

A stock's beta weight is used in determining its expected return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505350>

Question 1543

Gambling entails pure risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505617>

Question 1544

The Truth in Lending Act (TILA) requires creditors

- A) to tell you the APR, the interest rate applicable during a period, and the method used to determine the balance to which the rate is applied.
- B) to inform you of the amount of monthly interest but not how it is determined.
- C) to inform you only of the APR; with this, you can determine all other information if you want it.
- D) simply to be truthful in any information provided; the kind and amount of such information is up to them.

Answer: <https://biology-forums.com/index.php?topic=504643>

Question 1545

Employers sometimes obtain credit reports on prospective employees.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504689>

Question 1546

The Housing Affordability Index is based upon the relationship between the median family income and the income necessary to qualify for a loan on a median priced home.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504936>

Question 1547

The safety of a corporate bond is often determined by

- A) the bond indenture.
- B) the face value of the bond.
- C) the coupon rate of the bond.
- D) the protective covenants included in the bond indenture.

Answer: <https://biology-forums.com/index.php?topic=505270>

Question 1548

Given the choice between a \$1 tax deduction and a \$1 tax credit, you should

- A) be indifferent between the two.
- B) always prefer the tax credit.
- C) prefer the deduction only if you are in a high marginal tax bracket.
- D) always prefer the tax deduction.

Answer: <https://biology-forums.com/index.php?topic=502292>

Question 1549

A warranty of merchantability promises that

- A) the product carries a full warranty.
- B) there warranty is limited.
- C) the good is of generally of the same quality as similar goods.
- D) you can receive your money back if you are displeased with the good.

Answer: <https://biology-forums.com/index.php?topic=504760>

Question 1550

Interest-rate risk refers to the potential decline in a security's price as interest rates rise.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505176>

Question 1551

An assignment of your shareholder voting rights to someone else is known as a

- A) put.
- B) subrogation right.
- C) preemptive right.
- D) proxy.

Answer: <https://biology-forums.com/index.php?topic=505222>

Question 1552

The face value of a bond is

- A) its current market price.
- B) the amount the issuer will pay to redeem the bond at its maturity.
- C) its potential value in the face of liquidation.
- D) its book value.

Answer: <https://biology-forums.com/index.php?topic=505274>

Question 1553

Which of the following statements is false?

- A) Self-employed individuals can delay paying taxes until the end of the tax year.
- B) You can receive a tax refund if you have excess amounts withheld for federal taxes.
- C) You can reduce withholding of federal income taxes by refilling a W-4 with your employer.
- D) Having an excessive amount withheld for federal taxes represents poor financial planning.

Answer: <https://biology-forums.com/index.php?topic=502297>

Question 1554

Fixed rate mortgages are the most common mortgage format.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504971>

Question 1555

The form on which an employer lists annual taxes withheld is a

- A) W-2 Form.
- B) 1040 Form.
- C) 1090 Form.
- D) W-4 Form.

Answer: <https://biology-forums.com/index.php?topic=502294>

Question 1556

An asset is anything you own that has market value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502186>

Question 1557

Higher income individuals will tend to prefer investments that avoid or defer taxes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505081>

Question 1558

Insurance payments for third party services are called third party payments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505754>

Question 1559

Which of the following is not a primary reason why many people hold cash?

- A) To have a store of value
- B) To undertake transactions
- C) To avoid credit
- D) To have an emergency reserve

Answer: <https://biology-forums.com/index.php?topic=502398>

Question 1560

The federal government has recently established more stringent regulations on subprime mortgages.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504944>

Question 1561

An opportunity cost is generally thought of as

- A) money placed in an investment opportunity.
- B) the benefits given up by choosing one alternative over another.

- C) the benefits gained by choosing one alternative over another.
- D) the chance to make money in an investment.

Answer: <https://biology-forums.com/index.php?topic=502568>

Question 1562

Discounting is the process of reducing future values to present values.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502111>

Question 1563

For individuals with income below specified limits, a contribution to a traditional IRA is taken as

- A) an itemized expense.
- B) a gross income addition.
- C) an adjustment (deduction) to gross income.
- D) a credit.

Answer: <https://biology-forums.com/index.php?topic=502257>

Question 1564

In relation to the New York Stock Exchange, which item below is not true of the American Stock Exchange? It

- A) is younger.
- B) includes many energy-related companies.
- C) actually lists more companies and is larger in terms of trading activity.
- D) lists lesser-known companies.

Answer: <https://biology-forums.com/index.php?topic=505030>

Question 1565

You would probably choose an HMO over traditional insurance, if

- A) you wanted better major medical coverage.
- B) you wanted more complete basic health care coverage.
- C) you wanted only basic health care coverage.
- D) you liked to be pampered.

Answer: <https://biology-forums.com/index.php?topic=505710>

Question 1566

Which of the following is a tax advantage associated with cash value insurance?

- A) Ordinary income taxes on the cash value build-up are deferred until the cash value is withdrawn.
- B) At death the face amount of the policy passes to the beneficiary free of either income or capital gains taxes.
- C) Capital gains taxes on the cash value build-up are deferred until the cash value is withdrawn.
- D) All of the above are tax advantages of cash value life insurance.

Answer: <https://biology-forums.com/index.php?topic=505883>

Question 1567

Looking at a future value of \$1 table, you find the number 4.661 for 20 years and 8%. This means that a dollar invested today will grow to \$4.661 at the end of 20 years.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502098>

Question 1568

Buying rather than renting a home is usually a better alternative

- A) for multiple dwelling units.
- B) for longer holding periods.
- C) for single dwelling units.
- D) for shorter holding periods.

Answer: <https://biology-forums.com/index.php?topic=504878>

Question 1569

When a person has internalized a deviant label that is placed on them this is referred to as:

- a. Primary deviance
- b. Entrenched deviance
- c. Secondary deviance
- d. Tertiary deviance

Answer: <https://biology-forums.com/index.php?topic=504567>

Question 1570

The elderly are most likely to be without health care insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505752>

Question 1571

On electronic exchanges trades are generally conducted without specialists.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505090>

Question 1572

Suppose you have a adjustable rate mortgage with a present interest rate of 13%. The current rate is set according to an interest rate index that had a rate of 15% when the current rate on your home loan was determined. Assuming that adjustments are unlimited in either direction, what is the interest rate on your home mortgage in the next adjustment period if the interest rate index is at 14%?

- A) 12%
- B) 15%
- C) 14%
- D) 13%

Answer: <https://biology-forums.com/index.php?topic=504916>

Question 1573

The discount method for determining interest charges deducts interest to be paid from the credit extended.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504715>

Question 1574

Because of income tax considerations, it makes sense to own high current-return investments in a 401(k) plan and high future-return investments outside the plan.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505522>

Question 1575

With a joint life policy the insurance pays out at

- A) each of the deaths among the named insureds.
- B) the last death among the named insureds.
- C) at only the first and the last deaths among the named insureds.
- D) the first death among the named insureds.

Answer: <https://biology-forums.com/index.php?topic=505837>

Question 1576

Visa and MasterCard are bank cards.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504700>

Question 1577

If a stock's required return exceeds its expected return, it should be purchased.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505343>

Question 1578

You cannot be denied credit because of your marital status.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504685>

Question 1579

A balloon payment is one that

- A) is a "floating" payment, meaning the lender can demand its payment at any time.
- B) is paid at the outset of a loan.
- C) includes all interest on the loan paid in advance.
- D) is usually the last installment payment and generally for an amount much greater than the other monthly payments.

Answer: <https://biology-forums.com/index.php?topic=504659>

Question 1580

Which of the following individuals would definitely not qualify for survivors' benefits under Social Security?

- A) Dependent parent of deceased worker
- B) Disabled child of deceased worker over age 18
- C) Widower of divorced spouse
- D) Child of deceased worker under age 18
- E) It is possible that under certain circumstances any of the above may qualify for survivor's benefits.

Answer: <https://biology-forums.com/index.php?topic=505823>

Question 1581

When a potential buyer makes an offer to purchase, he or she places a deposit on the home. This is known as

- A) closing costs.
- B) buyer's insurance.
- C) an advance payment.
- D) earnest money.

Answer: <https://biology-forums.com/index.php?topic=504890>

Question 1582

Simple budgeting procedures are often as successful as complex ones.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502230>

Question 1583

In comparison to traditional Treasury bonds, inflation-indexed bonds

- A) have a lower coupon rate.
- B) have an equal coupon rate, but are issued with lower par values.
- C) have a higher coupon rate.
- D) have an equal coupon rate.

Answer: <https://biology-forums.com/index.php?topic=505295>

Question 1584

Which of the following is not considered when calculating the cost basis for a stock?

- A) Recording fees
- B) Inflation
- C) Commissions
- D) Purchase price

Answer: <https://biology-forums.com/index.php?topic=505269>

Question 1585

A dividend reinvestment plan (DRIP)

- A) is offered by most stockbrokerage firms, rather than individual companies.
- B) offers investors the choice of receiving a dividend or having the company buy back some of their shares at a set price.

- C) accomplishes the same objective as dollar cost averaging; i.e., investing a relatively fixed amount of funds at regular intervals.
D) is constructed to acquire a fixed number of shares when dividends are paid.

Answer: <https://biology-forums.com/index.php?topic=505167>

Question 1586

The primary difference between entering into a gamble and purchasing insurance is that

- A) gambling is in many circumstances illegal and insurance is legal.
B) with all types of insurance you are always financially better off, whereas, with gambles, you are always financially worse off.
C) a gamble involves pure risk, whereas insurance involves speculative risk.
D) in a gamble the odds are known with certainty.

Answer: <https://biology-forums.com/index.php?topic=505533>

Question 1587

If you instruct your broker to buy a stock at a specific price, you have given a market order.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505120>

Question 1588

A student loan interest deduction would be an adjustment to gross income.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=502349>

Question 1589

The over-the-counter market refers to

- A) a network of securities dealers who trade securities through an electronic communication system.
B) stock trading in different regions of the country.
C) an illegal operation where securities in non-existing companies are scammed.
D) a section of the NYSE where stocks of small companies are traded.

Answer: <https://biology-forums.com/index.php?topic=505031>

Question 1590

The waiver of premium clause on a health insurance policy eliminates premium payments during periods of disability.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505810>

Question 1591

Comparing a stock's required return (RR) to its expected return (ER), we can say

- A) the stock is a good buy only when RR is greater than ER.
B) they are simply different perspectives on the same concept and, so, they should have the same value.
C) the stock is a good buy when they are equal.
D) that each represents a different concept and, so, they may have quite different values.

Answer: <https://biology-forums.com/index.php?topic=505163>

Question 1592

A survivorship joint life policy pays out at the first death.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505927>

Question 1593

A 10-year bond with a \$1,000 face value and 6% coupon rate is currently selling in the bond market for \$700. Its current yield is

- A) 10.6%.
B) 7%.
C) 8.6%.
D) 6%.

Answer: <https://biology-forums.com/index.php?topic=505306>

Question 1594

An old will may be revoked by simply stating so in a new will.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505983>

Question 1595

For tax purposes a life insurance dividend is considered

- A) a partial return of premium and is therefore not taxed.
- B) an adjustment to gross income.
- C) the same as a stock dividend.
- D) the same as a capital gain.

Answer: <https://biology-forums.com/index.php?topic=505846>

Question 1596

A closed-end fund has a

- A) front-end load.
- B) fixed number of shares.
- C) back-end load.
- D) fixed number of investors.

Answer: <https://biology-forums.com/index.php?topic=505415>

Question 1597

A good investment is one with a negative alpha value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505208>

Question 1598

The purchase contract creates obligations for the buyer but not the seller.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504958>

Question 1599

Risk is often viewed as a range of investment returns.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505172>

Question 1600

NASDAQ is

- A) an electronic trading system in the over-the-counter market.
- B) the trading symbol for a certain stock.
- C) a post on the NYSE where certain stocks trade.
- D) a regulatory branch of the SEC.

Answer: <https://biology-forums.com/index.php?topic=505039>

Question 1601

Which of the following is not a characteristic of certificate of deposit (CDs)?

- A) You "lock in" (are guaranteed) the stated interest if you hold the CD until maturity.
- B) They have a minimum maturity of three years.
- C) They are preferred over money market deposits if you expect interest rates to fall.
- D) You pay a penalty for early redemption.

Answer: <https://biology-forums.com/index.php?topic=502409>

Question 1602

Forbes magazine is exclusively investment-oriented.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505126>

Question 1603

A warranty of merchantability means that the buyer has a right to expect that the good performs as expected.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504808>

Question 1604

Discounts on auto insurance have been offered for which of the following reasons?

- A) Belonging to a car pool
- B) Away at school driver
- C) Good driving record
- D) Discounts have been offered for all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=505614>

Question 1605

In order to become a crime, a form of deviance does not need to be negatively sanctioned by the legal system, a process known as criminalization.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504590>

Question 1606

The Consumer Leasing Act of 1977

- A) requires the leasing company to disclose specific information about the lease in writing.
- B) places a statutory limit on your monthly payments.
- C) prohibits open-end leases.
- D) Does all of the above.

Answer: <https://biology-forums.com/index.php?topic=504789>

Question 1607

Funds invested in retirement plans are shown as liquid assets.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502197>

Question 1608

Book value includes the value of a company's goodwill.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505360>

Question 1609

A zero coupon bond is a bond that:

- A) pays no periodic interest.
- B) is never redeemed.
- C) offers no price appreciation.
- D) has no risk.

Answer: <https://biology-forums.com/index.php?topic=505281>

Question 1610

A female appointed by the court to manage a death estate is known as the administratrix.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505974>

Question 1611

Stored value cards function as debit cards.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502541>

Question 1612

A real estate investment trust (REIT) is a type of closed-end investment company.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505502>

Question 1613

Which one of the following housing related expenditures is not an itemized deduction?

- A) Mortgage interest payments
- B) The capital gain on the sale of a home
- C) Property taxes
- D) All of the above can be taken as itemized deductions.

Answer: <https://biology-forums.com/index.php?topic=502277>

Question 1614

If you believe a company will grow rapidly in the future, you should buy its

- A) bonds.
- B) notes.
- C) common stock.
- D) preferred stock.

Answer: <https://biology-forums.com/index.php?topic=505219>

Question 1615

If an income account has a favorable variance, then actual family income is less than budgeted family income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502244>

Question 1616

Given a choice between earning \$200 in long-term capital gains versus \$200 of wages, from a tax point of view there should be no difference.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502372>

Question 1617

Investors can use margin to acquire exchange-traded funds.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505495>

Question 1618

The typical sales commission as a percent of the market price of the home is between

- A) 8 and 9%.
- B) 6 and 7%.
- C) 1 and 3%.
- D) 4 and 5%.

Answer: <https://biology-forums.com/index.php?topic=504882>

Question 1619

You are driving a car involved in a collision. At the scene of the accident, you should not

- A) reject monetary offers or payments at the scene of the accident.
- B) admit guilt, even if you think the accident was your fault.
- C) move your car, even if it is presently blocking traffic.
- D) provide your name and license to the other driver.

Answer: <https://biology-forums.com/index.php?topic=505616>

Question 1620

Which alternative below generally offers the highest potential yield and highest risk?

- A) CDs
- B) U.S. Series EE bonds
- C) NOW accounts
- D) MMDAs

Answer: <https://biology-forums.com/index.php?topic=502437>

Question 1621

Property used to conduct a business in your home is usually covered under the homeowners' policy.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505652>

Question 1622

A fund with a beta of 0.6 earned a return of 8%. During the same period of time the market return was 12%, which means the fund manager outperformed the market.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505482>

Question 1623

African Americans are arrested more often than whites and are more likely to be victims of crimes as opposed to whites.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504610>

Question 1624

"Lemon protection" implies that

- A) if the defective product cannot be repaired after a reasonable number of attempts, the consumer is entitled to either a replacement or refund.
- B) producers are protected from the unwarranted return of merchandise by negligent consumers.
- C) if the product is defective, the consumer may return the product at any time for a full refund.
- D) if the consumer is dissatisfied with the product, the consumer may return the product for a full refund within a year of purchase.

Answer: <https://biology-forums.com/index.php?topic=504765>

Question 1625

Which alternative is an example of an intangible asset?

- A) A bond
- B) A common stock
- C) A mutual fund share
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=505007>

Question 1626

The co-insurance provision on homeowners' policies

- A) implies that more than one insurance company may be responsible for the losses.
- B) provides an incentive for homeowners to insure their homes for 100% of replacement cost.
- C) is meant to eliminate homeowners claims for small losses.
- D) means that the homeowner will receive less than 100% reimbursement on all losses.

Answer: <https://biology-forums.com/index.php?topic=505558>

Question 1627

A "net listing agreement" pays the real estate agent an amount equal to the difference between the sale price and the amount promised the seller.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504955>

Question 1628

Life insurance policyholders typically receive dividends from

- A) stock insurance companies.
- B) neither mutual nor stock insurance companies.
- C) both mutual and stock insurance companies.
- D) mutual insurance companies.

Answer: <https://biology-forums.com/index.php?topic=505842>

Question 1629

The letter of last instructions is a legal instrument for transferring property at death.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505966>

Question 1630

A tax levied on the property of the deceased after it is transferred to the beneficiary is

- A) an inheritance tax.
- B) a gift tax.
- C) an excise tax.
- D) an estate tax.

Answer: <https://biology-forums.com/index.php?topic=502334>

Question 1631

Over the period 2000 through 2006, the average annual return on stocks was about 20%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505185>

Question 1632

Any written document witnessed by one other person and indicating how you wish your property to be distributed will represent a valid will.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505971>

Question 1633

The marginal cost of driving is approximately equal to the cost of operations per mile.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504837>

Question 1634

A review of the Housing Affordability Index indicates that since the early 1990s, housing affordability has

- A) had an overall upward trend until about 2004.
- B) has had an overall downward trend.
- C) has had dramatic upward and downward swings.
- D) has remained relatively constant.

Answer: <https://biology-forums.com/index.php?topic=504855>

Question 1635

Little, Inc. paid a 20 percent stock dividend. Prior to the dividend, the stock's price was \$50 a share. Immediately after the dividend, the price will

- A) increase to \$60.00 a share.
- B) decrease to \$41.67 a share.
- C) decrease to \$40.00 a share.
- D) do nothing in particular because of the dividend.

Answer: <https://biology-forums.com/index.php?topic=505232>

Question 1636

Insurers reimburse a larger percentage of private dental services than private nursing care expenditures.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505753>

Question 1637

An example of a selectively rewarding tax system is

- A) taxing personal income, but not wealth.
- B) a graduated sales tax rate.
- C) no tax on the sale of a personal residence.
- D) high marginal tax rates.

Answer: <https://biology-forums.com/index.php?topic=502556>

Question 1638

Carlos had \$5,000 in capital losses last year and \$8,000 in capital gains this year. He will include with (or exclude from) his other income this year

- A) \$0.
- B) \$3,000.
- C) \$8,000.
- D) \$6,000.

Answer: <https://biology-forums.com/index.php?topic=502301>

Question 1639

One point on an \$80,000 loan for the purchase of a \$110,000 home would equal

- A) \$100.
- B) \$1,000.
- C) \$800.
- D) \$1,100.

Answer: <https://biology-forums.com/index.php?topic=504903>

Question 1640

Which of the following statements is false?

- A) The private cost of nursing home care is more likely to be covered by private insurance than prescription drugs.
- B) More than half of private health care expenditures are covered by private insurance.
- C) Over the past decade the cost of health care has risen twice as fast as other costs.
- D) Most private health insurance is employment related.

Answer: <https://biology-forums.com/index.php?topic=505680>

Question 1641

Flexible spending accounts are funded with after-tax income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505783>

Question 1642

Firm specific risk can be entirely eliminated if the returns on two firms have perfect negative correlation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505189>

Question 1643

Which of the following statements concerning auto lemon laws is false?

- A) Nearly all states have auto lemon laws.
- B) Possible remedies under lemon laws include a new car or a full refund.
- C) The owner usually is entitled to protection under the lemon laws if the defects cannot be repaired within 30 days of the initial complaint.
- D) The owner usually is entitled to protection under the lemon laws if the defects cannot be repaired after 30 days in the repair shop.

Answer: <https://biology-forums.com/index.php?topic=504801>

Question 1644

Ten shares of a stock represents a round lot.

- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505106>

Question 1645

Given the data below, which is the correct ranking of securities (best to worst) in terms of their relative appeal?

Security A B C

Expected return 8% 20% 40%

Required return 14% 8% 30%

A) C, A, B

B) B, C, A

C) C, B, A

D) A, C, B

Answer: <https://biology-forums.com/index.php?topic=505165>

Question 1646

An important characteristic of money market mutual funds is that

A) their deposits are insured by FSLIC.

B) they differ from other mutual funds in return and their potential for default risk.

C) most are closed-end mutual funds.

D) they have a high degree of interest-rate risk.

Answer: <https://biology-forums.com/index.php?topic=505421>

Question 1647

The best time to purchase life insurance is right after graduation from college, before you have any financial dependents.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505916>

Question 1648

A Coverdell Education Savings Account may provide tax advantaged funds for children going to college.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502382>

Question 1649

The definition of disability in the insurance contract may depend upon the duration of the disability.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505809>

Question 1650

Load fund have generally not outperformed no-load funds.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505463>

Question 1651

The acceleration clause allows the lender to speed up repayments if you miss a monthly mortgage payment.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=504993>

Question 1652

Which item below describes a common stock's total return?

A) Current yield plus future earnings

B) Current return plus current yield

C) Current return plus future return

D) Future yield plus price appreciation

Answer: <https://biology-forums.com/index.php?topic=505243>

Question 1653

Those with low policy limits on their health care insurance should supplement their basic coverage with accident insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505807>

Question 1654

An inflation-indexed Treasury bond with a 5% coupon rate is issued at \$1,000. If inflation in the year after issuance is 6%,

- A) the new redemption value is \$1,060.
- B) the bond is redeemed and a new bond with a 6% coupon is issued.
- C) the new redemption value is \$1,100.
- D) the new coupon rate will be 11%.

Answer: <https://biology-forums.com/index.php?topic=505294>

Question 1655

Under the simple interest method

- A) the APR is applied to the outstanding balance on the loan.
- B) interest is added to the credit extended at the beginning of the loan.
- C) interest is a simple percentage of the initial amount borrowed.
- D) interest is deducted from the credit extended at the beginning of the loan.

Answer: <https://biology-forums.com/index.php?topic=504647>

Question 1656

In which of the following situations are you most likely covered for liability under the family auto policy?

- A) You are driving the non-insured car of a live-in relative.
- B) You are a named insured driving a rental car.
- C) You are driving a company car.
- D) You are carrying passengers for a fee.

Answer: <https://biology-forums.com/index.php?topic=505608>

Question 1657

Dody Sperber budgeted \$80 a month for entertainment. The cumulative variance is an unfavorable \$20 through March. Thus, Dody must have spent \$100 on entertainment in March.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502245>

Question 1658

A zero-coupon Treasury bond is an example of a defaulted Treasury bond.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505377>

Question 1659

The monthly income and expense plan often highlights the need for effective cash management during the budget year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502238>

Question 1660

A "chargeback" occurs when

- A) a card issuer charges a disputed amount back to the merchant.
- B) a borrower is charged additional interest for early repayment of a loan.
- C) a credit card holder is charged interest on past purchases.
- D) a consumer returns previously charged merchandise.

Answer: <https://biology-forums.com/index.php?topic=504637>

Question 1661

Investments with long maturities would not include

- A) common stocks.
- B) put and call options.
- C) corporate bonds.
- D) preferred stocks.

Answer: <https://biology-forums.com/index.php?topic=505020>

Question 1662

A PPO provides services only to those receiving Medicaid benefits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505777>

Question 1663

Net replacement cost is equal to

- A) trade-in value.
- B) new market value
- C) replacement cost less the market value of the trade-in.
- D) actual market value.

Answer: <https://biology-forums.com/index.php?topic=504746>

Question 1664

The amount of life insurance you may purchase on a business associate is limited by the amount of financial harm you would suffer at the death of that associate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505625>

Question 1665

The purpose of the title search is to ensure that the

- A) appraisal is correct.
- B) title is free of claims from third parties.
- C) bank has title to the funds it is lending.
- D) buyer has adequate funds for a down payment.

Answer: <https://biology-forums.com/index.php?topic=504896>

Question 1666

Dividend payments on life insurance policies

- A) may be taken as an itemized deduction if they are less than 2% of adjusted gross income.
- B) are always nontaxable.
- C) are always taxable.
- D) may be taken as an itemized deduction if they are greater than 2% of adjusted gross income.

Answer: <https://biology-forums.com/index.php?topic=505845>

Question 1667

Binding arbitration is a process that

- A) allows you to appeal to FINRA or any of the organized exchanges for resolution of a complaint against your broker.
- B) resolves a conflict between the SEC and a broker with respect to charging excessive commissions.
- C) involves hiring an attorney and suing your broker.
- D) is used by the SEC to determine appropriate damages against a broker for unethical conduct.

Answer: <https://biology-forums.com/index.php?topic=505049>

Question 1668

John Biner's roof was totally ruined by a fire. The insurance company estimates that the cost of building a new roof is \$10,000. It also estimates that roofs like this are expected to last 20 years. The existing roof had been in place for five years. Given this information, the replacement cost is

- A) \$10,000.
- B) \$2,500.
- C) \$7,500.
- D) \$500.

Answer: <https://biology-forums.com/index.php?topic=505555>

Question 1669

The two components of the interactionist perspective on deviance include:

- a. Structures and conflict
- b. Symbols and interactions
- c. Social system and contrast
- d. Struggle and opposition

Answer: <https://biology-forums.com/index.php?topic=504547>

Question 1670

A risk-adjusted rate of return for a mutual fund uses the fund's beta weight.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505481>

Question 1671

One perspective on risk asserts that the longer an investment is held, the

- A) greater its risk because its overall return will be lower.
- B) greater its risk because its periodic returns will be more variable.
- C) less its risk because its overall return will be higher.
- D) less its risk because its periodic returns will be less variable.

Answer: <https://biology-forums.com/index.php?topic=505136>

Question 1672

In condominium housing, all of the housing units are commonly owned by the condominium association.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504938>

Question 1673

Which of the following does not represent a "Filing Status" on your personal income tax return?

- A) Head of Household
- B) Married, filing joint return
- C) Single
- D) Dependant

Answer: <https://biology-forums.com/index.php?topic=502285>

Question 1674

The significant difference between HOLDERS and ETFs is that

- A) owners of HOLDERS do not pay commissions on trades.
- B) HOLDERS are not traded in financial markets.
- C) ETFs are not traded in financial markets.
- D) the owner of the HOLDER has rights to the underlying stock.

Answer: <https://biology-forums.com/index.php?topic=505439>

Question 1675

If a bond is sold at par, the trade price is

- A) equal to its coupon interest.
- B) equal to its face value.
- C) less than \$1,000.
- D) more than \$1,000.

Answer: <https://biology-forums.com/index.php?topic=505275>

Question 1676

Under the add-on method for determining payments on a consumer loan,

- A) a service charge for loan handling is added to the amount borrowed.
- B) interest is only added to the final monthly payment on the loan.
- C) service charges are added to the each monthly payment.
- D) interest is added to the amount financed in order to determine the total monthly payments.

Answer: <https://biology-forums.com/index.php?topic=504652>

Question 1677

Quitting cigarette smoking and, thus, eliminating the cause of a loss is an example of

- A) risk reduction.
- B) risk transfer.
- C) risk avoidance.
- D) risk retention.

Answer: <https://biology-forums.com/index.php?topic=505539>

Question 1678

ETFs are more tax efficient than mutual funds.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505492>

Question 1679

Two kinds of noncurrent liabilities are

- A) deferred liabilities and rescheduled obligations.
- B) co-signor agreements and bankruptcy judgments.
- C) bills payable and credit card balances due.
- D) noncurrent portions of loans with repayment schedules and loans without repayment schedules.

Answer: <https://biology-forums.com/index.php?topic=502141>

Question 1680

When a good is sold "as is," it does not carry an implied warranty.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504806>

Question 1681

Mortgage interest is an example of an itemized deduction.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502366>

Question 1682

You have an average outstanding balance on your credit card of \$1,000. Which of the following would be your best choice for minimizing the cost of credit?

- A) No annual fee and 15% on the outstanding balance
- B) Annual fee of \$25 and 10% on the outstanding balance
- C) Annual fee of \$50 and 8% on the outstanding balance
- D) Annual fee of \$10 and 12% on the outstanding balance

Answer: <https://biology-forums.com/index.php?topic=504633>

Question 1683

Interest rate risk is closely related to inflation risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505177>

Question 1684

Martha's mother Joan opened a trustee bank account. The designation on the bank account reads, "Joan Williams, as trustee for Martha Williams." This indicates that

- A) Joan will manage the funds in this account solely for the benefit of her daughter.
- B) Martha can presently retrieve funds from the account if she so wishes.
- C) Martha has a right to retrieve funds from the account if her mother is mentally incapacitated.
- D) Martha has no right to the funds in the account while her mother is alive.

Answer: <https://biology-forums.com/index.php?topic=505914>

Question 1685

Which of the following is a correct ordering of homeowners' policies from the least to the most coverage?

- A) Special Form HO-3, Basic Form HO-1, Broad Form HO-2.
- B) Basic Form HO-1, Broad Form HO-2, Special Form HO-3.
- C) Special Form HO-3, Broad Form HO-2, Basic Form HO-1.
- D) Basic Form HO-1, Special Form HO-3, Broad Form HO-2.

Answer: <https://biology-forums.com/index.php?topic=505581>

Question 1686

Possible negative amortization resulting from a rise in the interest rate on an adjustable rate mortgage may be avoided by

- A) raising the rate cap.
- B) shortening the term of the mortgage.
- C) lowering the payment cap.
- D) increasing the monthly payment.

Answer: <https://biology-forums.com/index.php?topic=504921>

Question 1687

A risk averter is someone who

- A) expects adequate compensation for undertaking risky investments.
- B) never takes risks.
- C) limits his or her investments to insured savings accounts.
- D) avoids risk by simply not investing.

Answer: <https://biology-forums.com/index.php?topic=505011>

Question 1688

A bond with a coupon rate of 10%, a market price of \$800, and a face value of \$1,000 has a current yield of 12.5%.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505387>

Question 1689

Assume that GM common stock has a beta of + 0.8. If you expect the market to go up 20% next year, you should also expect GM's price to go up

- A) 16.8%.
- B) 30.0%.
- C) 19.2%.
- D) 16.0%.

Answer: <https://biology-forums.com/index.php?topic=505156>

Question 1690

Payday loans are a low cost source of consumer credit.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504739>

Question 1691

Which item below would most likely not favor buying (versus renting) a personal residence?

- A) You expect inflation to increase.
- B) You anticipate relocating frequently because of your job.
- C) You expect an increase in income taxes.
- D) You expect mortgage rates to rise.

Answer: <https://biology-forums.com/index.php?topic=504879>

Question 1692

If you have a dispute over an item on your credit statement, you should refuse to pay the entire statement until the dispute is settled.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504702>

Question 1693

Under a typical private long term care policy

- A) only Medicare approved services are covered.
- B) you are only covered if you can demonstrate you can no longer care for yourself.
- C) your benefits begin whenever you decide you need to enter a nursing home.
- D) only skilled nursing care is covered.

Answer: <https://biology-forums.com/index.php?topic=505698>

Question 1694

Charges on a debit card are immediately deducted from bank account.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504707>

Question 1695

FICA taxes include two components these consist of

- A) old age and unemployment compensation insurance.
- B) old age-disability and health insurance.
- C) accident and disability insurance.
- D) unemployment compensation and disability insurance.

Answer: <https://biology-forums.com/index.php?topic=502327>

Question 1696

A tax credit has the effect of reducing your taxable income by the amount of the credit.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502362>

Question 1697

Which of the following items are not included in gross income for the calculation of your federal income taxes?

- A) Bonuses
- B) Wages and salaries
- C) Awards
- D) Dividends
- E) All of the above items are included in gross income.

Answer: <https://biology-forums.com/index.php?topic=502252>

Question 1698

The ability to deduct student loan interest is phased out at higher incomes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504732>

Question 1699

Auto insurance usually contains a deductible, while homeowners insurance rarely contains one.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505662>

Question 1700

There is at least a 25 percent probability of having a work related disability before normal retirement age.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505799>

Question 1701

The typical homeowners' policy provides protection against

- A) only structural damage to the home.

- B) only property loss.
- C) property loss and personal liability.
- D) only personal liability.

Answer: <https://biology-forums.com/index.php?topic=505546>

Question 1702

Which of the following statements is not true concerning the monthly income and expense plan?

- A) It may indicate the need for effective cash management.
- B) The year's expenses and income are detailed by each month.
- C) Each month's expenses are planned not to exceed the month's income.
- D) Some monthly allocations are made by simply dividing the annual estimate by 12.

Answer: <https://biology-forums.com/index.php?topic=502173>

Question 1703

Today, an example of the movement from an issue or behavior from normality to deviance is premarital sex, according to the author of your text.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504592>

Question 1704

Banks must return your original checks on demand for a small fee.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502532>

Question 1705

The cost of operations is a sunk cost.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504835>

Question 1706

Which of the following statements is false?

- A) An express warranty may not limit the benefits of an implied warranty.
- B) Puffery is illegal.
- C) All products carry an implied warranty, unless they are sold "as is."
- D) A full warranty provides lemon protection.

Answer: <https://biology-forums.com/index.php?topic=504754>

Question 1707

Financial progress is measured more appropriately by an increase in net worth rather than by an increase in total assets.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502200>

Question 1708

Marginal analysis should be used whenever a decision involves alternative approaches to a problem.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502594>

Question 1709

Overdue bills are noncurrent liabilities.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502202>

Question 1710

The term "lemon protection" means you can force the seller into binding arbitration.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504814>

Question 1711

Debt planning often involves using debt to even our lifelong consumption.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502588>

Question 1712

A stock's listing in the financial pages of a newspaper usually shows the difference between the high and low prices as the "net change."

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505340>

Question 1713

In cooperative housing, all of the housing units are commonly owned by the cooperative.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504942>

Question 1714

Exchange-traded funds are less tax efficient than many other mutual funds.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505496>

Question 1715

A policy that reimburses you for losses at actual cash value will pay you an amount equal to

- A) replacement cost plus depreciation.
- B) replacement cost.
- C) replacement cost minus depreciation.
- D) depreciation.

Answer: <https://biology-forums.com/index.php?topic=505552>

Question 1716

Which of the following is not a cost of ownership?

- A) Maintenance
- B) Finance charges
- C) Sales and titling
- D) Insurance

Answer: <https://biology-forums.com/index.php?topic=504779>

Question 1717

On adjustable rate loans, the Annual Percentage Rate

- A) takes into account the initial contract rate, and the highest possible contract rate given the terms of the loan.
- B) takes into account the average expected contract rate over the duration of the loan.
- C) is not published because future contract rates can not be known with certainty.
- D) takes into account the initial contract rate on the loan, but not future contract rates.

Answer: <https://biology-forums.com/index.php?topic=504914>

Question 1718

Upon request, the insurance company should provide the interest-adjusted net cost index.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505963>

Question 1719

The current average savings rate for all U.S. families is generally in the range of:

- A) 0 to 5%.
- B) 0 to - 5%.
- C) 10 to 20%.
- D) 5 to 10%.

Answer: <https://biology-forums.com/index.php?topic=502155>

Question 1720

Medigap policies typically cover custodial nursing home care.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505789>

Question 1721

Amortization is represented by

- A) the reduction in market value resulting from usage.
- B) an increase in market value resulting from population growth.
- C) the periodic repayment of debt.
- D) an increase in market value resulting from inflation.

Answer: <https://biology-forums.com/index.php?topic=504920>

Question 1722

A dividend payable in stock (a stock dividend)

- A) is better than a cash dividend because you receive more shares of stock.
- B) allows you to exchange shares of common stock for shares of preferred stock.
- C) has little impact on your net worth; although you receive additional shares, the market value of each share you own decreases.
- D) is usually associated with a company in bankruptcy.

Answer: <https://biology-forums.com/index.php?topic=505230>

Question 1723

A temporary parking place for cash means holding liquid assets until the investment environment for long-term assets improves.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502445>

Question 1724

Which of the following does the Do Not Call List not prohibit?

- A) Calls from retailers you do not have a business relationship with
- B) Telemarketers blocking caller Ids
- C) Calls for charitable donations
- D) Calls from telemarketers

Answer: <https://biology-forums.com/index.php?topic=504767>

Question 1725

Leasing is looked upon favorably by some consumers because it reduces their monthly and up-front payments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504842>

Question 1726

Written warranties are regulated by Congress under the

- A) Robinson-Patman Act of 1936.
- B) Antitrust Improvements Act of 1978.
- C) Consumer Protection Act of 1970.
- D) Magnuson-Moss Warranty Act of 1975.

Answer: <https://biology-forums.com/index.php?topic=504763>

Question 1727

Finance charges on an auto purchase are a cost of operations.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504836>

Question 1728

Which explanation below is most appropriate in explaining why diversification can reduce investment risk?

- A) Asset returns are often poorly correlated.
- B) The greater the risk taken, the greater the portfolio return.
- C) The greater the number of assets held, the greater the portfolio return.
- D) Asset returns tend to be stable over time.

Answer: <https://biology-forums.com/index.php?topic=505146>

Question 1729

If your employer is withholding an excessive amount for federal taxes

- A) your employer must reimburse you for any interest you lost on the excess withholdings.
- B) there is nothing you can do about it.
- C) you can refile a W-4 with your employer to have the withholding reduced.
- D) you must petition the IRS for a reduction in your withholding rate.

Answer: <https://biology-forums.com/index.php?topic=502295>

Question 1730

Which service below is usually not provided by a mutual fund?

- A) Fund switching within a family of funds
- B) Reinvestment plans
- C) Transactions by telephone
- D) Insurance to protect against market losses

Answer: <https://biology-forums.com/index.php?topic=505422>

Question 1731

Medigap insurance covers the gap

- A) between those services covered by Medicare and those that are not.
- B) between private insurance and government insurance.
- C) between basic and comprehensive health care.
- D) in Medicare insurance between early retirement age and normal retirement age.

Answer: <https://biology-forums.com/index.php?topic=505731>

Question 1732

Which of the following can be accomplished through the will?

- A) The provision for specific bequests
- B) The creation of a testamentary trust
- C) The naming of a guardian for the children
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=505891>

Question 1733

Which response below is not true of Treasury bonds?

- A) Interest is paid semi-annually.
- B) They have a face value of \$1,000.
- C) Their maturities are between 10 and 30 years.
- D) They are only issued in discount form.

Answer: <https://biology-forums.com/index.php?topic=505291>

Question 1734

Pocket money refers to "pocket lines of credit" offered by major credit cards.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502441>

Question 1735

The principle of diminishing marginal satisfaction helps to explain why people increase their rate of savings as their incomes rise.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502576>

Question 1736

Which response, according to the strain theory, is not considered to be a deviant response?

- a. Innovator
- b. Retreatist
- c. Conformist
- d. Rebellionist

Answer: <https://biology-forums.com/index.php?topic=504535>

Question 1737

A company's book value

- A) is equal to the total value of a company's assets.
- B) reflects the historical cost of a company's assets.
- C) includes a value for goodwill.
- D) is often a good estimate of a company's fundamental value.

Answer: <https://biology-forums.com/index.php?topic=505266>

Question 1738

Regular cash dividends are typically paid

- A) each quarter.
- B) annually.
- C) semi-annually.
- D) monthly.

Answer: <https://biology-forums.com/index.php?topic=505231>

Question 1739

An opportunity cost of renting a home rather than buying it is

- A) the price of the home.
- B) potential price appreciation of the home.
- C) putting up with other renters' noise.
- D) the monthly rent.

Answer: <https://biology-forums.com/index.php?topic=502567>

Question 1740

Adverse risk selection occurs when

- A) insurance companies terminate insurance for individuals with higher than average risk.
- B) speculative risk increases.
- C) the size of the risk pool decreases.
- D) those with higher than average risk enter the risk pool.

Answer: <https://biology-forums.com/index.php?topic=505531>

Question 1741

A "limited" warranty

- A) must satisfy specific requirements set down by law.
- B) is any warranty that is not a "full" warranty.
- C) does not cover all of the product's component parts.
- D) must last less than one year.

Answer: <https://biology-forums.com/index.php?topic=504764>

Question 1742

With respect to inflation indexing, which statement is true?

- A) The tax brackets are indexed.
- B) The exemption allowance and the standard deduction are indexed.
- C) Allowable IRA contributions are indexed.
- D) All items above are indexed.

Answer: <https://biology-forums.com/index.php?topic=502265>

Question 1743

According to the structural-functionalist approach to deviance, the elite often get away with committing deviant and criminal behavior.

- a. True
- b. False

Answer: <https://biology-forums.com/index.php?topic=504600>

Question 1744

Commodity and financial futures contracts

- A) are tangible investments.
- B) impose no obligation on buyers.
- C) are highly liquid assets.
- D) are highly risky investments.

Answer: <https://biology-forums.com/index.php?topic=505015>

Question 1745

A noncurrent liability is a debt obligation extending beyond one year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502201>

Question 1746

Which of the following is the correct opportunity cost to consider if you are trying to choose one 3-hour elective course (A) over another 3-hour elective course (B)?

- A) The marginal costs of taking one more course
- B) The information and learning from (B) that you will give up if you choose (A)
- C) The tuition cost of a 3-hour course
- D) Your total tuition costs for the year with and without the course

Answer: <https://biology-forums.com/index.php?topic=502566>

Question 1747

Given a verbal threshold in state insurance law, individuals may sue for

- A) libelous statements that are more severe than those that satisfy this definition.
- B) reimbursement for physical injuries that are less severe than those that satisfy this definition.
- C) reimbursement for physical injuries that are more severe than those that satisfy this definition.
- D) slanderous remarks that are more severe than those that satisfy this definition.

Answer: <https://biology-forums.com/index.php?topic=505611>

Question 1748

With a decreasing term policy the premium decreases over time.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505938>

Question 1749

You purchased 100 shares of KLM at \$40 a share by depositing the minimum amount of margin. If the initial margin requirement was 50% and the maintenance margin requirement is 30%, you will get a margin call if KLM's price falls to

- A) \$20.
- B) \$29.
- C) \$32.
- D) \$12.

Answer: <https://biology-forums.com/index.php?topic=505060>

Question 1750

Which of the following statements concerning the financial stability of health care insurers is false?

- A) Federally-qualified HMOs must carry insurance to cover the unpaid bills of patients in the event they become insolvent.
- B) There has never been a financial collapse of a health insurance company.
- C) Private firms rate the financial stability of commercial health care insurers.
- D) In many states commercial health insurers are protected by state guarantee funds.

Answer: <https://biology-forums.com/index.php?topic=505733>

Question 1751

The Magnuson-Moss Warranty Act of 1975 regulates express written warranties.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504821>

Question 1752

Many people cite convenience as the most important factor in choosing one bank over another.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502523>

Question 1753

You are typically responsible for the payment on stolen checks that are forged with your name.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502529>

Question 1754

Life insurance proceeds can be directly assigned to beneficiaries, thus passing outside the will.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=506002>

Question 1755

A collateral loan contains both a promissory note and a security agreement.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504711>

Question 1756

"Major medical" coverage

- A) covers only hospital-related expenses.
- B) is also known as first dollar coverage.
- C) provides for insurance protection beyond basic health care coverage.
- D) pays out only in the event of a catastrophic illness.

Answer: <https://biology-forums.com/index.php?topic=505695>

Question 1757

You have just put \$1,000 in an investment that offers a 12% annual yield, using a simple interest calculation. At the end of two years your interest earned will be

- A) \$240.00.
- B) \$120.00.
- C) \$144.00.
- D) \$254.40.

Answer: <https://biology-forums.com/index.php?topic=502066>

Question 1758

An equity trust is

- A) a contractual agreement to buy common stock.
- B) a mutual fund that holds REIT shares.
- C) a REIT that invests in real estate properties.
- D) a REIT that specializes in mortgage lending.

Answer: <https://biology-forums.com/index.php?topic=505443>

Question 1759

Most corporate bonds have face values of

- A) \$10.00.
- B) \$1,000.00.
- C) \$1.00.
- D) \$100.00.

Answer: <https://biology-forums.com/index.php?topic=505276>

Question 1760

The IRS has authority to levy penalties, but it cannot charge interest on delinquent taxes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502378>

Question 1761

An example of _____ is Bernie Madoff, who was convicted of being the leader of a Ponzi scheme.

- a. Blue-collar crime
- b. Organized crime
- c. White-collar crime
- d. Property crime

Answer: <https://biology-forums.com/index.php?topic=504577>

Question 1762

A discount broker provides the same services as a full-service broker, including research.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505103>

Question 1763

Blue sky laws refer to State legislation designed to protect investors.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505097>

Question 1764

Interest on U.S. Treasury bonds is subject to federal income taxes, but interest on municipals is not subject to the federal income tax.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505080>

Question 1765

Auto ownership costs

- A) are fixed costs.
- B) include only those auto expenses directly related to usage.
- C) are variable costs.
- D) include all auto expenses.

Answer: <https://biology-forums.com/index.php?topic=504778>

Question 1766

Cash flow changes in net worth can be positive or negative.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502206>

Question 1767

To qualify for a health savings account (HSA) you must

- A) be employed in the public sector.
- B) have a high deductible health plan.
- C) be self-employed.
- D) earn less than \$49,000.

Answer: <https://biology-forums.com/index.php?topic=505725>

Question 1768

Analysts often use a company's dividend growth rate as a measurement for its P/E ratio.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505354>

Question 1769

Book value is often a poor estimate of a company's fundamental value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505359>

Question 1770

Which alternative is not characteristic of an Internet broker?

- A) Typically offers an excellent Web site
- B) Easy account access for placing and monitoring orders
- C) Places restrictions on the number of trades you can make
- D) Has very low commissions

Answer: <https://biology-forums.com/index.php?topic=505054>

Question 1771

A home equity loan

- A) is a special type of second mortgage on your home.
- B) can no longer provide tax-deductible interest payments.
- C) exceeds owner's equity in the home.
- D) has a fixed term with fixed installment payments.

Answer: <https://biology-forums.com/index.php?topic=504660>

Question 1772

A short position refers to

- A) securities you have sold but do not own.
- B) an order to sell stock at a price below its current market price.
- C) securities you purchased but have not yet taken delivery of the shares.
- D) inadequate margin in a margin account.

Answer: <https://biology-forums.com/index.php?topic=505064>

Question 1773

An inheritance tax is a type of

- A) capital gains tax.
- B) Death tax.
- C) Property tax.
- D) Income tax.

Answer: <https://biology-forums.com/index.php?topic=502332>

Question 1774

An acceleration clause in a loan allows the lender to collect the unpaid balance of a loan if a payment is missed.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504723>

Question 1775

According to Internet Fraud Watch, the most common form of Internet fraud involves

- A) auctions.
- B) Internet service providers.
- C) credit card sales.
- D) auto sales.

Answer: <https://biology-forums.com/index.php?topic=504749>

Question 1776

A stock dividend is a dividend paid in shares of the company declaring the dividend.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505330>

Question 1777

It is general more advantageous to refinance your home mortgage

- A) after market interest rates have fallen.
- B) after home prices have fallen.
- C) after market interest rates have risen.
- D) after home prices have risen.

Answer: <https://biology-forums.com/index.php?topic=504934>

Question 1778

For a given return it is preferable to have

- A) a low turnover rate and a low beta.
- B) a low turnover rate and a high beta.
- C) a high turnover rate and a low beta.
- D) a high turnover rate and a high beta.

Answer: <https://biology-forums.com/index.php?topic=505433>

Question 1779

UCR indicates "unusual care received."

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505760>

Question 1780

If the auto accident is your fault, damage to your car will

- A) be reimbursed if you have liability coverage.
- B) be reimbursed if you have collision coverage.
- C) be reimbursed if you have uninsured motorist coverage.
- D) never be covered by your auto insurance.

Answer: <https://biology-forums.com/index.php?topic=505606>

Question 1781

Depreciation is the reduction in market value resulting from usage or time.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504826>

Question 1782

Because there are no income tax consequences arising from trading investments in a 401(k) plan, it is easy to be lured into market timing, which is generally unsuccessful.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505523>

Question 1783

Both open-end and closed-end leases have fixed monthly payments.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504840>

Question 1784

The primary difference between a "warranty" and a "guarantee" is that

- A) a warranty lasts longer than a guarantee.

- B) a warranty is a legal agreement; whereas, a guarantee is a non-enforceable understanding between a buyer and seller.
C) a warranty is in writing; whereas, a guarantee is only a verbal agreement.
D) there is no difference between a warranty and a guarantee.

Answer: <https://biology-forums.com/index.php?topic=504751>

Question 1785

Suppose the risk-free rate is 9%, the market risk premium is 8%, and a security's beta is 0.6; then, you should require a return on the security of 13.4%.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505204>

Question 1786

Ben Fasby has taxable income of \$7,000, and the following tax rate schedule is applicable:

Taxable Income Tax Rate

\$0 to \$3,400 0 %

\$3,400 to \$5,500 12 %

\$5,500 to \$7,600 14 %

Ben's tax liability is

- A) \$870.
B) \$980.
C) \$210.
D) \$462.

Answer: <https://biology-forums.com/index.php?topic=502289>

Question 1787

Which one of the following statements concerning homeowners' insurance is false?

- A) Damage due to nuclear accident is normally excluded.
B) The insurance company may refuse to cover damages to business-related equipment in your home.
C) If your home is unoccupied for more than 30 days, your homeowners' policy may not cover damages due to vandalism.
D) You cannot collect more than the face amount of your dwelling protection.

Answer: <https://biology-forums.com/index.php?topic=505572>

Question 1788

Medigap insurance fills the gap between expenses that are covered by medicare and those that are not.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505791>

Question 1789

John Biner's roof was totally ruined by a fire. The insurance company estimates that the cost of building a new roof is \$10,000. It also estimates that roofs like this are expected to last 20 years. The existing roof had been in place for five years. Given this information, the actual cash value of the damage is

- A) \$10,000.
B) \$500.
C) \$7,500.
D) \$2,500.

Answer: <https://biology-forums.com/index.php?topic=505554>

Question 1790

Leaving a close relative out of your will may later provide a basis for contesting the validity of the will.

- A) True
B) False

Answer: <https://biology-forums.com/index.php?topic=505981>

Question 1791

On a fixed rate bond which of the following generally remain constant.

- A) the market price and the face value
B) the coupon rate and the yield
C) the face value and the coupon rate

D) the market price and the coupon rate

Answer: <https://biology-forums.com/index.php?topic=505279>

Question 1792

As you amortize the home mortgage, monthly interest payments decline.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504972>

Question 1793

In which of the following policies does the premium typically increase as you age?

- A) Group mortgage life
- B) Renewable term
- C) Decreasing term
- D) Whole life

Answer: <https://biology-forums.com/index.php?topic=505861>

Question 1794

The law gives you the right to one free credit report each year.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504688>

Question 1795

There is no specific disadvantage in dealing odd lots.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505105>

Question 1796

Money market mutual funds are special accounts offered by commercial banks and S&Ls.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502456>

Question 1797

Under the current law, lenders must meet quotas in extending credit to women and minorities.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504684>

Question 1798

A key function of the monthly income and expense plan is to identify months of cash shortages.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502240>

Question 1799

Select the correct ranking of the following securities in terms of increasing yield. (Assume that each bond has average quality within its class.)

- A) Corporate bond, Municipal GO bond, Municipal revenue bond
- B) Corporate bond, Municipal GO bond, Municipal Revenue bond
- C) Municipal revenue bond, Municipal GO bond, Corporate bond
- D) Municipal GO bond, Municipal revenue bond, Corporate bond

Answer: <https://biology-forums.com/index.php?topic=505300>

Question 1800

If spouses open a bank account with right of survivorship and one spouse dies, the funds in the account:

- A) pass immediately in a proportionate share to the surviving spouse.
- B) pass in total and immediately to the remaining spouse.

C) automatically assume the status "tenants in common."

D) are immediately frozen until the will is probated.

Answer: <https://biology-forums.com/index.php?topic=502413>

Question 1801

Which statement is not true of Social Security taxes?

A) They have a progressive rate structure similar to that of the personal income tax.

B) They cannot be deducted as an itemized expense on your individual income tax return.

C) There is an annually determined limit on the income that is subject to social security taxes.

D) They must also be paid by self-employed individuals.

Answer: <https://biology-forums.com/index.php?topic=502326>

Question 1802

Fund switching allows you to transfer funds from one mutual fund family to another, as long as both families are approved by the SEC.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505477>

Question 1803

It is likely that the longer the time between trade-ins,

A) the lower is your average annual cost of operations.

B) the higher is your average annual total cost of operations.

C) the higher is your average annual depreciation.

D) the lower is your average annual cost of ownership.

Answer: <https://biology-forums.com/index.php?topic=504781>

Question 1804

The incontestability clause typically indicates that the insurance company will not challenge the validity of statements made in the insurance contract

A) after the contract is accepted by the company, regardless of why the misstatements or omissions were made.

B) after the contract is accepted by the company, if the incorrect statements were either honest mistakes or unintentional omissions.

C) after a specified period of time, if the incorrect statements were either honest mistakes or unintentional omissions.

D) after a specified period of time, regardless of why the misstatements or omissions were made.

Answer: <https://biology-forums.com/index.php?topic=505857>

Question 1805

The Housing Affordability index is based on the

A) ratio of low income housing to all housing.

B) ability of the median income family to purchase the median priced home.

C) the average length of a home mortgage.

D) the cost of financing as a percentage of total mortgage payments.

Answer: <https://biology-forums.com/index.php?topic=504854>

Question 1806

Although discount brokers offer lower commissions, your account is not insured by SIPC.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505104>

Question 1807

If you are very concerned over potential loss of principal, you should invest only in bonds with long maturities.

A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=505395>

Question 1808

Employer sponsored group health care insurance

A) generally provides employees with no control over their health care coverage.

B) is typically poor coverage requiring supplemental private insurance.

C) usually provides the employee with a choice of two or more health care alternatives.

D) is almost always entirely paid for through employee paid premiums.

Answer: <https://biology-forums.com/index.php?topic=505682>

Question 1809

Actual cash value is equal to

- A) market value plus depreciation.
- B) replacement cost minus depreciation.
- C) replacement cost plus depreciation.
- D) replacement cost.

Answer: <https://biology-forums.com/index.php?topic=505551>

Question 1810

A mortgage REIT invests only in real estate that is mortgaged.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505505>

Question 1811

When the initial premium pays for the sales commission on the life insurance policy, this is known as "direct recognition."

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505949>

Question 1812

Medical payments coverage under a homeowner's policy generally has low policy limits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505648>

Question 1813

Ideally, the ending balance in our savings plan is zero.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502123>

Question 1814

With an overdraft protection credit line, the bank automatically extends you a loan to cover any overdraft on your checking account up to some predetermined credit limit.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504727>

Question 1815

The primary purpose of the monthly review and control is

- A) make sure the previous month's budget is balanced.
- B) to revise action plans.
- C) to identify family members causing unfavorable variances.
- D) to indicate future revised spending amounts, assuming some prior variances.

Answer: <https://biology-forums.com/index.php?topic=502181>

Question 1816

Interest on a twelve-month installment loan is to be calculated using the add-on method. If the purchased to be financed is \$1,000 and the add-on rate is 6%, then your monthly payment is about

- A) \$88.33.
- B) \$76.67.
- C) \$86.07.
- D) \$88.65.

Answer: <https://biology-forums.com/index.php?topic=504650>

Question 1817

You bought a stock at \$50 a share, and it has increased in price to \$70 a share. You think its price will increase even more but you are also concerned that it might go back to \$50, eliminating the entire gain. Given this information, you should place which kind of order?

- A) Stop-loss
- B) Limit
- C) Profit-retention
- D) Deferred sales

Answer: <https://biology-forums.com/index.php?topic=505071>

Question 1818

Financial risk is associated with business firms that borrow heavily to finance their operations.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505178>

Question 1819

Years with negative balances in the savings schedule implies that loans would be needed to achieve the goals.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502119>

Question 1820

Term life provides more death protection for each premium dollar than whole life insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505955>

Question 1821

The primary functions of an investment asset are to increase your net worth and/or provide additional income.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502196>

Question 1822

You must pay federal income taxes on your capital gain every time you sell your home.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504950>

Question 1823

According to the structural-functionalist theoretical perspective, deviance is:

- a. Socially constructed through our interactions with others
- b. Defined by those who have power
- c. The cause of norms and values coming into existence
- d. Always considered to be an issue in society

Answer: <https://biology-forums.com/index.php?topic=504533>

Question 1824

A loan associated with a margin account is classified as a current liability.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502204>

Question 1825

A full-service stockbroker is best distinguished from a discount broker on which of the following characteristics?

- I. commissions
- II. research
- III. range of investment products offered

IV. quality of order execution

- A) I only
- B) I, II, III
- C) I, II
- D) I, II, III, IV.

Answer: <https://biology-forums.com/index.php?topic=505053>

Question 1826

One method for determining an appropriate P/E ratio is to use the company's

- A) book value per share.
- B) expected EPS growth rate.
- C) current dividend yield.
- D) market value per share.

Answer: <https://biology-forums.com/index.php?topic=505260>

Question 1827

Market value changes in net worth arise from current period savings or dissavings.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502207>

Question 1828

A gift card may expire after a period of nonuse.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502543>

Question 1829

Which of the following checks does not guarantee payment?

- A) A traveler's check
- B) A cashier's check
- C) A personal check with a restrictive endorsement
- D) A certified check

Answer: <https://biology-forums.com/index.php?topic=502425>

Question 1830

Which method of investing probably involves the most risk?

- A) Using DRIPS and dollar cost averaging to build a portfolio
- B) Using the CAPM as a guide to select securities
- C) Using a market-timing strategy to manage a portfolio
- D) Using a buy-and-hold approach to manage a portfolio

Answer: <https://biology-forums.com/index.php?topic=505169>

Question 1831

A "full" warranty means you are entitled to full remedies.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504815>

Question 1832

"Credit blocking" is the industry term for

- A) reducing your credit limit because of an anticipated charge.
- B) legally denying credit to individuals who have a past record of credit abuse.
- C) denying high-risk individuals access to low-cost lines of credit.
- D) illegally denying credit to individuals because of their race or gender.

Answer: <https://biology-forums.com/index.php?topic=504638>

Question 1833

Your employer must provide you the opportunity to extend your health care coverage after you leave employment.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505778>

Question 1834

You generally lose all your assets in straight bankruptcy and keep about half of them in a wage-earner plan.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504742>

Question 1835

All bonds face interest-rate risk but only some face default risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505391>

Question 1836

Auto liability insurance is required in all states.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505661>

Question 1837

The standard advice of financial analysts has been to buy cash value insurance, because term insurance does not have lasting value.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505957>

Question 1838

Interest on corporate bonds is taxable, but interest on municipal bonds is not.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502345>

Question 1839

There are no legal requirements that you must leave part of your estate to your spouse.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505977>

Question 1840

In preparing a balance sheet, you should list only those assets that you own outright; that is, free of debt.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502185>

Question 1841

A participating life policy may pay a dividend.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505928>

Question 1842

The Equal Credit Opportunity Act (ECOA) provides that

- A) financial institutions must meet a federal quota for loans to minorities and women, or lose federal deposit insurance protection.
- B) minorities and women be given special consideration in granting credit.
- C) individuals cannot be denied credit because of gender or minority status.
- D) the Federal Government guarantees loans made to minorities and women to encourage lending by financial institutions.

Answer: <https://biology-forums.com/index.php?topic=503666>

Question 1843

Under an implied warranty, consumers have a right to demand their money back if they are dissatisfied with the product for any reason.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504810>

Question 1844

Which does not make owning a home relatively more attractive than renting?

- A) An increase in the expected future price of housing
- B) An increase in the rate of return on financial investments
- C) A reduction in mortgage interest rates
- D) An increase in your marginal tax rate

Answer: <https://biology-forums.com/index.php?topic=504880>

Question 1845

The primary function of a credit bureau is to evaluate a credit application and assign a credit limit.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504687>

Question 1846

Secured credit cards are

- A) protected by an unlimited line of credit.
- B) useful for those who are trying to overcome a poor credit history.
- C) issued only to corporations that have been operating for at least five years.
- D) issued only to those who are the most credit worthy.

Answer: <https://biology-forums.com/index.php?topic=504621>

Question 1847

Which of the following is not a characteristic of money market mutual funds?

- A) Check writing privileges
- B) No minimum on withdrawals
- C) Daily interest
- D) Shares values at \$1

Answer: <https://biology-forums.com/index.php?topic=505423>

Question 1848

Your annual mortgage payments are \$10,000 of which \$8,000 represents interest payments, your marginal tax rate is about 30%, and you itemize deductions. Your mortgage payments after taxes are how much?

- A) \$2,400
- B) \$13,000
- C) \$5,600
- D) \$7,600

Answer: <https://biology-forums.com/index.php?topic=504872>

Question 1849

Which of the following statements concerning IRS audits is false?

- A) In a field audit, the IRS visits your premises to examine your return.
- B) In a self audit, the IRS asks you to examine the appropriateness of an item on your return.
- C) In an administrative audit, your files are reviewed before an administrative law judge.
- D) In an office audit, you visit the IRS office.

Answer: <https://biology-forums.com/index.php?topic=502307>

Question 1850

Which of the following statements is not true of mobile housing?

- A) Mobile homes generally receive the same type of financing as traditional single family dwelling units.
- B) Construction costs per square foot are considerably less than for on-site construction.
- C) Mobile homes typically decrease in value with age.

D) Most mobile homes are permanently affixed to a housing site.

Answer: <https://biology-forums.com/index.php?topic=504869>

Question 1851

Financial independence is usually thought of as

- A) having enough resources to be self reliant.
- B) a strategy to minimize federal income taxes.
- C) freedom from financial debt.
- D) being free of parental financial support.

Answer: <https://biology-forums.com/index.php?topic=502052>

Question 1852

To reduce risk, you should diversify among asset groups.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505190>

Question 1853

A valid will may be automatically revoked by a change in family status.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505984>

Question 1854

You should self-insure against major financial risks.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505627>

Question 1855

All veterans are entitled to loan guarantees through the Veterans Administration.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505001>

Question 1856

An examination of historical returns on financial assets over the period 1970-2006 indicates the following risk premiums

- A) -6.81% for Treasury bills.
- B) 4.07% for common stocks.
- C) -8.32% for common stocks.
- D) 3.32% for Treasury bills.

Answer: <https://biology-forums.com/index.php?topic=505145>

Question 1857

For a fee a HOLR can be converted into the underlying shares.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505501>

Question 1858

If you discover that someone has stolen your checks, you should

- A) purchase account insurance to avoid potential losses.
- B) issue an immediate stop payment for each check.
- C) do nothing.
- D) inform the bank and open a new account.

Answer: <https://biology-forums.com/index.php?topic=502419>

Question 1859

Assuming a discount rate of 10%, the present value of \$1,000 received one year from now is

- A) \$990.00.
- B) \$909.09.
- C) \$1,100.00.
- D) \$1,900.00.

Answer: <https://biology-forums.com/index.php?topic=502085>

Question 1860

A preferred stock with a \$5 dividend rate, \$100 face value, and \$80 market value has a current yield of

- A) 5.00%.
- B) 5.56%.
- C) 25.00%.
- D) 6.25%.

Answer: <https://biology-forums.com/index.php?topic=505321>

Question 1861

The net asset value (NAV) of a mutual fund is the total value of the securities it owns (minus any liabilities) divided by the number of shares issued by the fund.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505460>

Question 1862

The following returns were earned last year: Fund A, 10%, Fund B, 18%, the overall market, 11%. Fund A's beta was 0.8 while Fund B's was 2.0. Therefore, the best investment was Fund A.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505484>

Question 1863

Given a cash value policy with the following characteristics: face value = \$200,000, cash value = \$50,000, outstanding loans = \$10,000 and surrender charges = \$1,000, the benefits payable at death are

- A) \$200,000.
- B) \$190,000.
- C) \$150,000.
- D) \$199,000.

Answer: <https://biology-forums.com/index.php?topic=505868>

Question 1864

For most homeowners, Basic Format (HO-1) does not provide adequate protection.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505650>

Question 1865

The mortgage contract rate

- A) cannot change over the life of the loan.
- B) is greater than the APR.
- C) takes into account all finance charges including points.
- D) is the interest rate applied to the unpaid mortgage balance.

Answer: <https://biology-forums.com/index.php?topic=504906>

Question 1866

A husband and wife, together, can make an annual gift to an individual donee of how much each year without incurring a potential estate tax on the gifts?

- A) \$24,000
- B) \$12,000
- C) \$5,000
- D) zero; all gifts are taxable.

Answer: <https://biology-forums.com/index.php?topic=502330>

Question 1867

A risk seeker is someone willing to undertake risky investments, regardless of the potential return.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505083>

Question 1868

Which of the following is likely to have a higher implicit cost when purchasing instead of leasing?

- A) Lost interest on the up-front payments
- B) Disposition charge
- C) Annual depreciation
- D) Licensing costs

Answer: <https://biology-forums.com/index.php?topic=504797>

Question 1869

At an 8% rate, you must invest \$5,000 to have \$10,000 in about 6 years.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502100>

Question 1870

Which item below is not a guideline for effective diversification? Diversify

- A) among tangibles and intangibles.
- B) on a global basis.
- C) within asset groups.
- D) among assets and liabilities.

Answer: <https://biology-forums.com/index.php?topic=505150>

Question 1871

The "bottom line" to a personal income statement is the contribution to savings figure.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502208>

Question 1872

In several states requiring no-fault insurance,

- A) you may sue only for recovery of the deductible on your no-fault policy.
- B) no-fault covers only property damage.
- C) you are not required to carry personal injury protection.
- D) you may sue for physical injuries only if your damages are above either a monetary or verbal threshold defined in state law.

Answer: <https://biology-forums.com/index.php?topic=505610>

Question 1873

Which of the following statements concerning shared appreciation mortgages is false?

- A) If you have not sold the home when the mortgage matures, you still have to pay the lenders' share of the home's appreciation.
- B) They typically allow you to qualify for a more expensive home.
- C) They typically have a lower contract rate than traditional home mortgages.
- D) Even when the value of the home declines, the lender receives a minimum percentage of your equity in the home.

Answer: <https://biology-forums.com/index.php?topic=504926>

Question 1874

Surviving dependents may have their Social Security benefits reduced or eliminated

- A) if the surviving spouse were married to the decedent for less than five years.
- B) if they are found guilty of a felony.
- C) if they have substantial market earnings.
- D) for any of the reasons cited above.

Answer: <https://biology-forums.com/index.php?topic=505825>

Question 1875

- A variable ratio plan adjusts a portfolio by
- A) holding asset weights constant.
 - B) increasing or decreasing all asset weights in response to income changes.
 - C) increasing the weight of assets that have performed poorly in the recent past.
 - D) increasing the weight of assets that have performed well in the recent past.

Answer: <https://biology-forums.com/index.php?topic=505452>

Question 1876

- Interest payments on a home equity loan, the proceeds of which are used to finance the purchase of an automobile
- A) are not tax-deductible.
 - B) are fully tax-deductible.
 - C) are partially tax-deductible until year 2010.
 - D) are only tax-deductible in the year the loan is repaid.

Answer: <https://biology-forums.com/index.php?topic=504776>

Question 1877

- Your right to a home inspection need not be specified in the purchase contract.
- A) True
 - B) False

Answer: <https://biology-forums.com/index.php?topic=504963>

Question 1878

- 2/28 mortgages have a low initial teaser rate.
- A) True
 - B) False

Answer: <https://biology-forums.com/index.php?topic=504991>

Question 1879

- ETFs track specific market indexes.
- A) True
 - B) False

Answer: <https://biology-forums.com/index.php?topic=505491>

Question 1880

- A debenture is less secure than a subordinated debenture.
- A) True
 - B) False

Answer: <https://biology-forums.com/index.php?topic=505364>

Question 1881

- The Multiple Listing Service (MLS) provides
- A) a fee-splitting arrangement among sales agents who are members of the Multiple Listing Service.
 - B) sales announcements in newspapers throughout the nation.
 - C) for multiple media advertising on the sale of your home.
 - D) your sales agent with an exclusive right to sell your home.

Answer: <https://biology-forums.com/index.php?topic=504884>

Question 1882

- Only the interest portion of your mortgage payments may be taken as a tax deduction.
- A) True
 - B) False

Answer: <https://biology-forums.com/index.php?topic=504947>

Question 1883

- A building block approach to financial planning argues that people should achieve security in work, insurance, and other activities before they pursue higher-risk investments.
- A) True

B) False

Answer: <https://biology-forums.com/index.php?topic=502599>

Question 1884

"Major medical" insurance typically includes

- A) extensive dollar coverage after health care expenses exceed significant deductibles.
- B) coverage for a restricted list of major injuries and illnesses.
- C) reimbursement for hospital expenses.
- D) first-dollar coverage on all medical expenditures.

Answer: <https://biology-forums.com/index.php?topic=505694>

Question 1885

A closed-end fund's appeal is enhanced if it

- A) does not have a load.
- B) sells at a discount.
- C) has a load.
- D) sells at a premium.

Answer: <https://biology-forums.com/index.php?topic=505417>

Question 1886

Which type of mutual fund can be purchased at a premium or discount?

- A) No-load fund
- B) Open-end fund
- C) Load fund
- D) Closed-end fund

Answer: <https://biology-forums.com/index.php?topic=505413>

Question 1887

The Federal National Mortgage Corporation recommends that your housing expenses not exceed what percentage of your gross monthly income?

- A) 16 percent
- B) 40 percent
- C) 28 percent
- D) 52 percent

Answer: <https://biology-forums.com/index.php?topic=504862>

Question 1888

The Druid Fund has a NAV of \$9.00 and an offer price of \$9.45. We know, then, that

- A) Druid is about to be issued to the public as a no-load fund with a \$0.45 offer cost.
- B) Druid is a load fund.
- C) shares can be purchased only through a stockbroker.
- D) there is a \$0.45 premium paid to investors to buy the shares.

Answer: <https://biology-forums.com/index.php?topic=505409>

Question 1889

Harry Starr, a college student, earned \$4,000 and claimed one personal exemption. Harry's father still can claim Harry as a dependent and also take the exemption.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502361>

Question 1890

Generally, the higher your marginal tax rate the stronger the argument for using a home equity loan, everything else considered.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504726>

Question 1891

Which of the following statement concerning Treasury bonds is true?

- A) They are more risky than comparable maturity private bonds.

- B) Interest accumulates and is paid out at maturity.
- C) They have higher rates than comparable municipal bonds.
- D) They are priced and sold at auction.

Answer: <https://biology-forums.com/index.php?topic=505292>

Question 1892

With a debit card,

- A) your purchases are deducted from your bank deposit after a grace period.
- B) your purchases are not limited by the amount in your bank deposit.
- C) your purchases are immediately deducted from your bank deposit.
- D) you can charge payments in excess of your line of credit.

Answer: <https://biology-forums.com/index.php?topic=504640>

Question 1893

If you work for more than one employer during the year, you may have paid more in Social Security taxes than you owe.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502391>

Question 1894

For higher-income individuals the marginal tax rate will be

- A) less than the average tax rate.
- B) equal to the average tax rate.
- C) greater than the average tax rate.
- D) above, equal to, or less than the average tax rate. It is impossible to know given the present information.

Answer: <https://biology-forums.com/index.php?topic=502283>

Question 1895

The Sarbanes-Oxley Act of 2002

- A) attempted to control excessive investor trading.
- B) intended to make financial analysts more responsive to investors.
- C) prevented corporate officers from owning shares in their companies.
- D) disallowed insider trading.

Answer: <https://biology-forums.com/index.php?topic=505048>

Question 1896

Data for a share of common stock of ABC Company appear below:

Dividend: 2005 actual \$ 1.000

2006 actual 1.100

2007 actual 1.210

2008 expected 1.331

Current market price per share: \$20.000

Assuming the dividend pattern above will continue in the future and also assuming that it is the first of January, 2008, the estimated current return for the stock is

- A) 10.00%.
- B) 5.05%.
- C) 16.67%.
- D) 6.67%.

Answer: <https://biology-forums.com/index.php?topic=505247>

Question 1897

Consider the following assets: I. Treasury Strips, II. Coupon Treasury bonds, III. growth stocks, and IV. medium quality corporate bonds. A cautious investor with high-priority future goals, but who does not need current income, would prefer

- A) I.
- B) II.
- C) III.
- D) IV.

Answer: <https://biology-forums.com/index.php?topic=505448>

Question 1898

In a mediation

- A) the decision of a third party such as a judge can be binding or non-binding.
- B) the parties to the dispute attempt to their own agreement.
- C) the decision of a third party such as a judge is non-binding.
- D) the decision of a third party such as a judge is binding.

Answer: <https://biology-forums.com/index.php?topic=504800>

Question 1899

Community property is property acquired during the marriage through the joint efforts of the marriage partners.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505994>

Question 1900

If you purchased automobile insurance coverage with policy limits of \$100,000/\$300,000/\$20,000, this means that

- A) \$20,000 is the limit on damages per individual with \$100,000 limit per accident and an overall limit on all accidents of \$300,000.
- B) \$100,000 is the limit on damages per individual with a \$300,000 overall limit per accident.
- C) \$100,000 is the limit on damages per individual with a maximum of \$300,000 being paid to the driver of the other car in property damages.
- D) a maximum of \$100,000 would be paid to the injured in your automobile and \$300,000 to the injured in the other car.

Answer: <https://biology-forums.com/index.php?topic=505602>

Question 1901

Federal regulations prohibit banks from charging a prepayment penalty for redeeming a CD before its maturity date.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502518>

Question 1902

The most popular UITs are those investing in real estate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505490>

Question 1903

Money market mutual funds have the protection of FDIC insurance.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505472>

Question 1904

Many people consider financial independence to be their most important financial goal.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502573>

Question 1905

Of the following coverage, the most important is

- A) medical insurance.
- B) basic health insurance.
- C) hospital insurance.
- D) major medical insurance.

Answer: <https://biology-forums.com/index.php?topic=505693>

Question 1906

Health services are provided by salaried physicians in

- A) an individual practice arrangement.
- B) an FFS.
- C) a PPO.
- D) a group staff HMO.

Answer: <https://biology-forums.com/index.php?topic=505713>

Question 1907

Ian's records show a cash balance of \$2,000 while the bank statement shows a balance of \$1,800. The difference is most likely explained by

- A) unrecorded interest earned on the account.
- B) a statement period less than one month.
- C) deposits made after the statement period.
- D) checks not cleared during the statement period.

Answer: <https://biology-forums.com/index.php?topic=502420>

Question 1908

One motive for holding cash is to undertake transactions.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502440>

Question 1909

Over the past twenty years, the cost of medical care has

- A) matched the rise in the average price of all other goods.
- B) remained relatively constant.
- C) risen about twice as much as the average price of all other prices.
- D) steadily fallen because of technological advances in medical treatment.

Answer: <https://biology-forums.com/index.php?topic=505679>

Question 1910

A bond's coupon rate refers specifically to

- A) the interest it pays each year divided by its face value.
- B) the value of the coupons it issues at redemption.
- C) its current yield in the market place.
- D) the information needed to register a bond.

Answer: <https://biology-forums.com/index.php?topic=505277>

Question 1911

You have an insurable interest in an event if

- A) it has a potentially negative impact on your wealth.
- B) it is the result of predetermined actions.
- C) you have no financial interest in the outcome.
- D) it is the result of accidental circumstances.

Answer: <https://biology-forums.com/index.php?topic=505534>

Question 1912

Given the high risk of universal and variable life policies, their market share has steadily declined.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505954>

Question 1913

Banks generally prefer foreclosure to rescheduling payments on the home mortgage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505005>

Question 1914

Workers' compensation provides comprehensive health insurance coverage.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505780>

Question 1915

You have been negligent anytime your actions cause others harm.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505619>

Question 1916

Assets held in joint tenancy with the right of survivorship will escape estate taxes.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505992>

Question 1917

"Medigap insurance" is the industry term for commercial insurance that leaves significant areas of needed benefits uncovered.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505788>

Question 1918

Under the Truth in Lending Act, your financial loss due to a lost or stolen credit card is:

- A) unlimited.
- B) limited to \$50.
- C) zero.
- D) limited to \$500.

Answer: <https://biology-forums.com/index.php?topic=503664>

Question 1919

A financial analyst is the same as a financial planner.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=503660>

Question 1920

Your best auto buy is typically a two- to three-year-old used car.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=504824>

Question 1921

"Earnest money" is equal to

- A) the sales commission.
- B) the down payment on the home.
- C) closing costs.
- D) the deposit on the purchase of the home.

Answer: <https://biology-forums.com/index.php?topic=504892>

Question 1922

Carl Lee lost his wallet at the beach five days ago. Carl is sure there were three credit cards and one debit card in the lost wallet. Assuming he's right and notifies the banks, Carl can lose as much as _____, assuming he has no private insurance protection.

- A) \$ 50
- B) \$650
- C) \$500
- D) unlimited losses

Answer: <https://biology-forums.com/index.php?topic=504634>

Question 1923

Callable bonds usually offer lower rates of return than similar bonds that are not callable.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505372>

Question 1924

"Direct recognition" occurs when the insurance company

- A) revises its actuarial factors to reflect the changing risk environment.
- B) increases premiums in recognition of the insureds advancing age.
- C) reduces the rate earned on a portion of the cash value, because the insured has taken out a policy loan.
- D) reduces dividend payments because of an unexpected increase in costs.

Answer: <https://biology-forums.com/index.php?topic=505878>

Question 1925

Under the "Rule of 78," the interest earned by the lender is

- A) calculated using the simple interest method.
- B) a miscellaneous deduction on your federal tax form.
- C) uniformly spread over the life of the loan.
- D) disproportionately pushed to the front of the loan period.

Answer: <https://biology-forums.com/index.php?topic=504654>

Question 1926

A buy-and-hold strategy is generally riskier than a market-timing strategy.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505218>

Question 1927

It is impossible to obtain homeowners insurance, if you live in a flood zone.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505658>

Question 1928

The cash value and surrender value on a life insurance policy may differ because of

- A) surrender charges.
- B) improved survival probabilities.
- C) dividends.
- D) accidental death benefits.

Answer: <https://biology-forums.com/index.php?topic=505835>

Question 1929

At a 12% interest rate, \$2,000 invested today will be worth approximately \$8,000 in about 12 years.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502101>

Question 1930

Actual cash value is equal to replacement cost minus depreciation.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505637>

Question 1931

Given a cash value policy with the following characteristics: face value = \$200,000, cash value = \$50,000, outstanding loans = \$10,000 and surrender charges = \$1,000, the cash surrender value is

- A) \$59,000.
- B) \$49,000.
- C) \$199,000.
- D) \$39,000.

Answer: <https://biology-forums.com/index.php?topic=505870>

Question 1932

Generally, a portfolio of 20 securities is adequate to eliminate most random risk.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505194>

Question 1933

A survivorship joint life policy pays out at

- A) the last death among the named insureds.
- B) at only the first and the last deaths among the named insureds.
- C) the first death among the named insureds.
- D) each of the deaths among the named insureds.

Answer: <https://biology-forums.com/index.php?topic=505838>

Question 1934

The primary function of the monthly income and expense plan is to assure that each month's income is not less than each month's expenses.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=502237>

Question 1935

In a limited partnership, limited partners are inactive in managing the business.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=505507>

Question 1936

Earthquake insurance is typically included

- A) by adding an endorsement to the basic homeowners' policy.
- B) under the basic homeowners' policy.
- C) by adding a floater to the basic homeowner's policy.
- D) by adding federal earthquake protection to the basic homeowners' policy.

Answer: <https://biology-forums.com/index.php?topic=505589>

Question 1937

The yield to maturity

- A) must be lower than the coupon rate.
- B) must be higher than the coupon rate.
- C) is the rate earned over the life of the bond.
- D) equates a bond's price with the sum of its discounted cash flows.

Answer: <https://biology-forums.com/index.php?topic=505309>