Time:

Rank:

## BANKING AND FINANCE (145)

## **REGIONAL – 2020**

TOTAL POINTS	(130 points)
Endorsements: (7 @ 2 points each)	(14 points)
Bank Balances: (5 @ 3 points each)	(15 points)
Financial Problems: (7 @ 3 points each)	(21 points)
True/False: (15 @ 2 points each)	(30 points)
Multiple Choice: (25 @ 2 points each)	(50 points)

Failure to adhere to any of the following rules will result in disqualification:

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.
- 3. Electronic devices will be monitored according to ACT standards.

No more than ten (10) minutes orientation No more than 60 minutes testing time No more than ten (10) minutes wrap-up

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#### Multiple Choice:

- 1. Brody purchased a life insurance policy through his employer. He has the option to pay \$15.53 monthly, \$45.04 quarterly, \$88.52 semi-annually, or \$170.83 annually. Which payment option gives Brody the best rate?
  - a. annually
  - b. semi-annually
  - c. quarterly
  - d. monthly
- 2. Mike's balance on his credit card bill was \$40.00. He paid his credit card payment after the due date. The credit card company charged a late fee of \$25.00 and 5% interest on the credit card balance. How much money in penalties was Mike charged?
  - a. \$25.00
  - b. \$27.00
  - c. \$30.00
  - d. \$32.00
- 3. A suit selling for \$80 was reduced to \$50. By what percent was the suit discounted?
  - a. 6.25%
  - b. 37.5%
  - c. 30%
  - d. 62.5%
- 4. Luke purchased items for \$29.95, \$31.50, \$9.25, and \$5.00. What is the total sales tax he will owe in a state with a tax rate that is 7.6 percent?
  - a. \$0.83
  - b. \$4.09
  - c. \$4.92
  - d. \$5.75
- 5. Jackson's previous balance is \$26,474.04. His account earns interest of \$44.12. He deposits \$550.43, and \$197.16. What is his new balance?
  - a. \$27,265.75
  - b. \$26,177.51
  - c. \$25,221.63
  - d. \$24,265.75
- 6. Paying with a \$100 bill, Payton bought everyone's supper which totaled \$83.00. After paying a 20% tip on top of the total, how much change did Payton get back from her \$100?
  - a. \$ 6.60
  - b. \$16.60
  - c. \$ 1.40
  - d. \$ 0.40

#### BANKING AND FINANCE - REGIONAL 2020 Page 3 of 7

- 7. Scott deposits the following in his account: two \$20 bills, three \$10 bills, eight \$5 bills, and one check for \$29.76. What was his total deposit?
  - a. \$ 69.76
  - b. \$110.00
  - c. \$139.76
  - d. \$149.67
- 8. Bobbie's bank statement for April lists withdrawals of \$58.17, \$19.95, \$756.60, \$93.28, and \$106.41. What are her total withdrawals for the month?
  - a. \$ 941.13
  - b. \$1,034.41
  - c. \$1,043.41
  - d. \$1,014.46
- 9. If the monthly rate of interest is 1.75 %, what would the annual rate of interest be?
  - a. 12 %
  - b. 17.5 %
  - c. 18 %
  - d. 21 %
- 10. Brad used his debit card at an ATM that charged a fee of 2.75% of the amount withdrawn. He withdrew \$50. How much was the total amount deducted from his account?
  - a. \$52.75
  - b. \$52.25
  - c. \$51.38
  - d. \$51.25
- 11. The interest that is charged to a borrower for the use of credit is the
  - a. finance charge.
  - b. collateral.
  - c. proration.
  - d. principal.
- 12. The age when withdrawals can be made from an IRA without penalty is \_\_\_\_\_.
  - a. 55
  - b. 59 1/2
  - c. 65
  - d. 69 1/2
- 13. The financial ability to repay a loan with present income is
  - a. capital.
  - b. character.
  - c. capacity.
  - d. collateral.

#### BANKING AND FINANCE - REGIONAL 2020 Page 4 of 7

- 14. A written statement issued by a credit bureau that contains important credit facts about a consumer is a
  - a. credit report.
  - b. credit history.
  - c. character analyzation.
  - d. business plan.
- 15. The act that requires full disclosure of finance charges is the
  - a. Fair Credit Reporting Act
  - b. Fair Credit Billing Act
  - c. Consumer Credit Protection Act
  - d. Equal Credit Opportunity Act
- 16. A check written by the bank on its own funds is a
  - a. certified check.
  - b. money order.
  - c. cashier's check.
  - d. electronic funds transfer.
- 17. Personal property put up to guarantee a loan should the borrower fail to repay is called
  - a. collateral.
  - b. a lien.
  - c. capacity.
  - d. a garnishment.
- 18. Holding a variety of investments in order to reduce risk is called
  - a. liquidity.
  - b. dollar-cost averaging.
  - c. return on investment.
  - d. diversification.
- 19. How are stocks of well-known companies classified?
  - a. growth
  - b. blue chip
  - c. cyclical
  - d. defensive
- 20. Money you have to spend after taxes and other deductions is called
  - a. gross pay.
  - b. regular pay.
  - c. disposable income.
  - d. taxable income.

#### BANKING AND FINANCE - REGIONAL 2020 Page 5 of 7

- 21. The statement showing money withheld by an employer for income and Social Security taxes is
  - a. Form 1040.
  - b. Form W-4.
  - c. Form W-2.
  - d. Form 1040X.
- 22. Medicare tax is paid by the
  - a. employer.
  - b. employee.
  - c. government.
  - d. employer and employee.
- 23. Which of the following acts gave us the minimum wage?
  - a. Social Security Act
  - b. Fair Labor Standards Act
  - c. Taft-Harley Act
  - d. Fair Credit Reporting Act
- 24. When purchasing a home, if you put 20% or more down, you can avoid paying
  - a. private mortgage insurance.
  - b. umbrella insurance.
  - c. risk-free insurance.
  - d. liability insurance.
- 25. The overall rise in the price of goods and services is known as
  - a. forbearance.
  - b. deferment.
  - c. inflation.
  - d. risk.

#### True False:

Mark A for true and B for false.

- 26. It is illegal for banks to charge higher interest rates for loans than they pay depositors.
- 27. A loan company is not a financial intermediary because it does not receive deposits.
- 28. Return on equity is the ratio of net income to total assets.
- 29. The prime rate is usually the same among major banks.
- 30. Basic checking accounts always pay interest on the balance deposited in the account.
- 31. The greater the risk you are willing to take, the greater the potential returns.
- 32. Par value and market value are the same thing.
- 33. Buying on margin is an effective long-term investment strategy.
- 34. Credit unions are not-for-profit organizations.

35. An annuity is a contract or agreement to provide you with regular income.	
36. A certificate of deposit is more liquid than a savings account.	
37. A reverse mortgage does not have to be repaid.	
38. Growth funds are usually considered safe and pay regular fixed dividends.	
39. Metals, gems and collectibles are considered speculative investments.	
40. Leverage is the use of borrowed money to make an investment.	

#### **Financial Word Problems** (7 @ 3 points = 21 points)

Compute the answer for each of the finance problems below and place your answer on the line provided.

1. Macy will be purchasing a new home. In order to obtain a mortgage, she will need to make a 12% down payment on the \$320,000 purchase price. She estimates her closing costs to be 4.5% of the purchase price.

(a) How much is the down payment amount?	a
(b) How much will Macy pay in closing cost?	b
(c) What is the total amount Macy will need to secure her mortgage and close on her home?	c

2. Marco's credit card statement for the year showed a membership fee of \$85, two late fees of \$35 each, and an average finance charge of \$24.86 a month.

(a) What was the total annual cost of the card to Marco? a\_\_\_\_\_

3. Emily purchases a new car for \$32,800. She receives a manufacturer's rebate of \$1,800 and pays registration costs of \$248. Her down payment is a trade-in worth \$6,700 for her old car. Emily will get a loan from a bank for the remaining amount.

(a) What is the cost of the car before the down payment?	a
(b) How much will Emily have to borrow?	b
(c) What percent down did Emily's trade-in represent?	c

#### BANKING AND FINANCE - REGIONAL 2020 Page 7 of 7

#### Bank Balances (5 @ 3 points = 15 points)

For each of the bank accounts below, calculate the ending balance.

Beginning Balance	Total Deposits	Withdrawals	Service Charge	Ending Balance
\$ 42.30	\$502.00	\$ 80.60	\$6.75	
\$220.72	\$304.50	\$398.63	\$2.80	
\$ 37.09	\$806.51	\$329.77	\$2.85	
\$849.83	\$795.14	\$900.62	\$0.00	
\$ 19.84	\$936.22	\$908.00	\$8.06	

#### **Endorsements** (14 points total)

Jasmine Jacobs received three checks that she uses as follows.

The first one she uses with a blank endorsement at the grocery store. Jasmine uses a restrictive endorsement at her bank with the second one. The third one she transfers ownership to Steph Bixby with a special endorsement. Show how Jasmine endorsed the checks. Her account number is 003596.

	Restrictive
Blank Endorsement	<b>Endorsemen</b> <sup>•</sup>
ENDORSE HERE	ENDORSE HERE
DO NOT WRITE, STAMP, OR SIGN BELOW RESERVED FOR FINANCIAL INSTITUTION USE	DO NOT WRITE, STAMP, OR SIGN BELOW RESERVED FOR FINANCIAL INSTITUTION USE
Special Er	ndorsement
ENDORS	E HERE



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## Judge/Graders: Please double check and verify all scores and answer keys!

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#### MULTIPLE CHOICE AND TRUE/FALSE (2 points each)

<b>I KUE/FALSE</b> (2 points each)						
1	Α	16	С		31	А
2	В	17	A		32	В
3	В	18	D		33	В
4	D	19	В		34	А
5	Α	20	C		35	А
6	D	21	C		36	В
7	С	22	D		37	В
8	В	23	В		38	В
9	D	24	Α		39	А
10	С	25	C		40	А
11	Α	26	В			
12	В	27	В			
13	С	28	В			
14	Α	29	Α			
15	С	30	В			

**Financial Word Problems** (7 @ 3 = 21 points)

1.	a. \$38,400	2. a. \$453.32	3. a. \$31,248
	b. \$14,400		b. \$24,548
	c. \$52,800		c. 21.4%

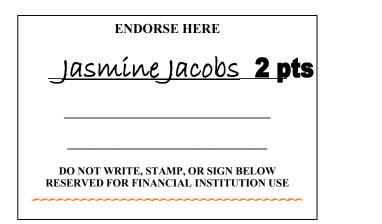
**Bank Balances** (5 @ 3 = 15 points)

- 1. \$456.95
- 2. \$123.79
- 3. \$510.98
- 4. \$744.35
- 5. \$ 40.00



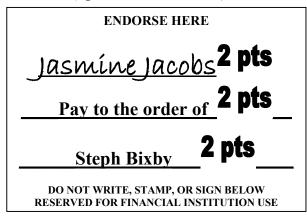
End	orsemen	<b>ts</b> (14	points)

#### (Blank Endorsement)





(Special Endorsement)



Note to Grader – The signature for checks 2 and 3 could be shown on the last line. Please accept as correct as long as all information is shown.