

Name: _____ Date: _____

1. If you borrow money to pay for an item, your _____ in that item at a given time is the part of the principal you have paid.
 - A) investment
 - B) amortization
 - C) equity
 - D) interest

2. Find the interest paid on a 30-year mortgage of \$350,000 at an APR of 6%.
 - A) \$405,434.80
 - B) \$280,000.00
 - C) \$755,434.80
 - D) \$531,010.00

3. Suppose you invest \$5000 in a savings account that pays an APR of 4%. If the interest is compounded monthly, what is the balance in the account after 10 years?
 - A) \$5203.71
 - B) \$8072.64
 - C) \$7454.16
 - D) \$5169.19

4. A car dealer offers you a loan with no interest charged for the term of three years. If you need to borrow \$15,000, what will your monthly payment be?
 - A) \$416.67
 - B) \$450.00
 - C) \$500.00
 - D) \$375.00

5. You want to save money to buy a new computer system. If you deposit \$100 a month for a year at an APR of 6% compounded monthly, how much money will you have saved after a year?
 - A) \$1272.00
 - B) \$1233.56
 - C) \$1022.80
 - D) \$1167.54

6. A(n) _____ is an arrangement that withdraws both principal and interest from your nest egg.
- A) monthly yield
 - B) annuity
 - C) down payment
 - D) perpetuity
7. It is very common for a home mortgage to last as long as:
- A) 20 years
 - B) 30 years
 - C) 40 years
 - D) 50 years
8. To buy a car, you borrow \$25,000 with a term of three years at an APR of 6.5%. What is your monthly payment?
- A) \$250.65
 - B) \$766.23
 - C) \$162.50
 - D) \$487.50
9. Assume a six-month CD purchased for \$5000 pays simple interest at an annual rate of 9.5%. How much interest does it earn?
- A) \$2850
 - B) \$950
 - C) \$237.50
 - D) \$118.75
10. Suppose at age 25 you begin putting \$300 a month into a cookie jar until you retire at age 65. At age 65, you begin to withdraw \$2000 a month out of the cookie jar. How long will this retirement fund last?
- A) 72 months
 - B) 60 months
 - C) 48 months
 - D) 144 months
11. Assume a 30-month CD purchased for \$2500 pays simple interest at an annual rate of 6%. What is the balance at maturity?
- A) \$375
 - B) \$2875
 - C) \$2950
 - D) \$2680

12. Your _____ is the balance of your retirement account at the time of retirement.
- A) annuity
 - B) monthly yield
 - C) nest egg
 - D) perpetuity
13. Principal is the amount you have in your account.
- A) True
 - B) False
14. A colleague tells you that their savings account doubled after 15 years. Use the Rule of 72 to approximate the APR on their account.
- A) 4.5%
 - B) 4.8%
 - C) 5.7%
 - D) 7.2%
15. Against expert advice, you begin your retirement savings at age 40. You plan on retiring at age 65. How much would you need to deposit each month into a savings account with an APR of 6% compounded monthly if your goal is a nest egg of \$150,000?
- A) \$302.48
 - B) \$216.45
 - C) \$279.83
 - D) \$199.37