HIGH SCHOOL

ARKANSAS

PERSONAL FINANCE

10



FULL-LENGTH PRACTICE TESTS

400 Original Questions

with Step-by-Step Explanations and a Quick Review

Reza Nazari

HIGH SCHOOL PERSONAL FINANCE

10 FULL-LENGTH ARKANSAS PERSONAL FINANCE PRACTICE TESTS

400 Original Questions

with Step-by-Step Explanations and a Quick Review



Reza Nazari

Copyrighted Material

Copyright ©

Effortless Math Education Inc

Published by Effortless Math Education

EffortlessMath.com

ISBN: 979-8-90703-681-9

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the author, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law, including Section 107 or 108 of the 1976 United States Copyright Act.

This publication is independently produced and has no official connection to the Arkansas Department of Education. It is not sponsored, endorsed, or approved by any state agency, school district, or testing organization.

All practice questions are original. Raw scores on these practice tests are a study measure only; they are not scores from any official examination. Dollar figures, tax rules, and contribution limits are dated to 2026 and are for practice. This book is educational and is not individual financial, tax, or legal advice.

Copyright © 2026

Copyrighted Material

Reference Sheet

Figures and formulas you may use on every test

You are not expected to memorize any of these. Every question that needs one of them can be answered with the figures below. Unless a question says otherwise, use 6.2% for Social Security and 1.45% for Medicare, assume no state or local income-tax withholding, and round money to the nearest cent.

Paychecks and taxes

- Social Security 6.2% of wages, up to $184,500 in 2026. Medicare 1.45% of all wages, no cap. The two together are 7.65%.
- Self-employment tax (simplified rule for this book): 15.3%, charged on 92.35% of net earnings. At high earnings the Social Security part stops at the wage base.
- Overtime for questions in this book: unless a question states otherwise, assume overtime is paid at 1.5 times the regular rate for hours over 40 in one workweek.
- Full-time year: $40 \times 52 = 2{,}080$ hours. Paychecks a year: weekly 52, biweekly 26, semimonthly 24, monthly 12.
- 2026 federal income tax, single filer: standard deduction $16,100; 10% to $12,400 of taxable income, 12% to $50,400, 22% to $105,700.

Saving, borrowing, and budgeting

- Deposit insurance: generally $250,000 per depositor, per insured institution, per ownership category.
- Compound interest $A = P(1 + r/n)^{nt}$. Rule of 72: years to double $\approx 72 \div$ rate.
- Loan payment $= P \times i \div (1 - (1 + i)^{-n})$, where i is the annual rate divided by 12 and n is the number of months.
- Credit card minimum, as stated on the statements in this book: the greater of $35 or (one month's interest + 1% of the balance). Monthly interest rate = APR $\div$ 12 (a simplification: real cards usually apply a daily rate to the average daily balance).
- 50/30/20: 50% of net pay to needs, 30% to wants, 20% to saving.
- Federal student loan rates, 2026–27: undergraduate 6.52%; graduate unsubsidized 8.07%; PLUS 9.07%.

Retirement and health

- Health claims: the deductible is paid first, then coinsurance applies to what is left, until the out-of-pocket maximum is reached.
- 2026 contribution limits, under age 50: 401(k) $24,500; IRA $7,500; HSA $4,400 self-only and $8,750 family; health FSA $3,400.
- 2026 high-deductible health plan minimums: deductible $1,700 self-only, $3,400 family; out-of-pocket maximum $8,500 and $17,000.

Arkansas facts (2026)

- State income tax: graduated, 0% to 3.7% for 2026 (top rate cut from 3.9% in May 2026, retroactive to January 1).
- Minimum wage: $11.00 an hour.
- Statewide sales tax 6.5% (local taxes can add more).
- Minimum auto liability 25/50/25.
- State 529 college savings plan: Arkansas Brighter Future 529.
- A state student-aid program: Arkansas Academic Challenge Scholarship.

Figures marked with a year are dated. They are correct for 2026 and are printed here so that no question depends on recalling them.

Personal Finance Quick Review

The terms, formulas, and traps these tests keep coming back to

How to use this review. Read it once before Practice Test 1, then use it after each test: for every question you missed, find its card, reread it, and check the **Watch out** line—most missed questions fall into one of those traps. The six sections follow the core topics of personal finance, and together they cover every area on the Arkansas tests (the areas are listed on page 2). A **Numbers and Formulas** card closes the review.

1 Earning Income
Pay stubs, taxes, benefits, and careers

1.1 Reading a pay stub

Gross pay	everything earned before any deduction
Deductions	taxes, benefit premiums, retirement contributions
Net pay	what actually reaches the bank account
YTD	the running total from January through this check

gross pay → pre-tax deductions → taxes withheld → after-tax deductions → net pay

Pay periods per year: weekly 52, biweekly 26, semimonthly 24, monthly 12.

Watch out: biweekly (every two weeks, 26 checks) is not semimonthly (twice a month, 24 checks).

1.2 Hourly pay and overtime

Overtime in this book: unless a question says otherwise, hours over 40 in one workweek are paid at 1.5 times the regular rate.

Example: $18/hour, 46 hours → $40 \times 18 = \$720$; $6 \times 27 = \$162$; gross $882.

Annual from hourly: rate × 2,080 hours for a full-time year.

Watch out: only the hours *over* 40 earn the overtime rate, not the whole week.

1.3 Payroll taxes and income tax

- **FICA:** Social Security 6.2% (up to the annual wage cap) plus Medicare 1.45%; together 7.65%. Self-employed workers pay 15.3% on 92.35% of net earnings (the simplified rule this book uses; at high earnings the Social Security part stops at the wage cap).
- **W-4:** tells the employer how much federal income tax to withhold. **W-2:** the employer's year-end summary of wages and withholding. **1040:** the individual tax return.
- **Taxable income** = income − deductions (for most filers, the standard deduction).
- **Marginal brackets:** each rate applies only to the income inside its bracket.

Watch out: moving into a higher bracket does not raise the tax on all your income—only on the dollars above the line.

1.4 Total compensation and careers

Compare job offers on **salary − your yearly premiums + employer match and other benefits**, not salary alone.

Education and training: weigh the full cost (tuition, fees, living costs, interest on loans) against the added earnings. Grants and scholarships are not repaid; loans are.

Watch out: a higher salary can be worth less once a large health premium and a missing retirement match are counted.

2 Spending
Budgets, consumer choices, cars, and housing

2.1 Budgets

Budget = a plan for net (take-home) pay. **Needs** (rent, utilities, groceries, transportation, insurance), **wants**, and **saving**.

50/30/20: 50% needs, 30% wants, 20% saving, each of net pay.

Fixed expenses stay the same each month; **variable** expenses change.

Sinking fund: set aside a bill's cost month by month: a \$588 six-month premium $\rightarrow \$588 \div 6 = \$98$/month.

Watch out: build a budget from net pay, not gross pay.

2.2 Smart buying

- **Unit price** = price ÷ quantity; compare in the same unit.
- **Sales:** a 20% discount then 10% off the sale price is 28% off, not 30%.
- **Sales tax** applies to the price after discounts.
- **Opportunity cost:** the value of the next-best choice you give up.

Watch out: two discounts in a row do not simply add.

2.3 Buying or leasing a car

Total cost of a loan = down payment + (monthly payment × months).

Total cost of a lease = due at signing + (payment × months) + end-of-lease fees; at the end you own nothing.

Ownership costs beyond the payment: insurance, fuel, maintenance, registration.

Watch out: the lower monthly payment is not the lower total cost; a longer loan usually costs more interest.

2.4 Housing and living on your own

- **Move-in cost** for a rental: first month's rent + security deposit (plus any fees).
- A common guideline keeps rent near or below about 30% of gross income.
- **Renters insurance** covers your belongings; the landlord's policy covers the building.
- **Buying** adds a down payment, closing costs, property tax, insurance, and repairs to the mortgage payment.

Watch out: a security deposit is refundable if the unit is left in good condition; it is not rent.

2.5 Consumer protection and scams

Warning signs: pressure to act now, payment by gift card or wire, requests for passwords or account numbers, and offers that sound too good to be true. Read a contract before signing; know the return policy and warranty.

Watch out: a legitimate bank or agency will not ask you to "verify" your password by text or email.

3 Saving
Accounts, fees, interest, and goals

3.1 Accounts, fees, and protection

Checking	everyday payments; debit card, transfers
Savings	earns interest; for goals and emergencies
Overdraft	spending more than the balance; often triggers a fee
Deposit insurance	FDIC (banks) or NCUA (credit unions): generally \$250,000 per depositor, per insured institution, per ownership category

Emergency fund: commonly three to six months of essential expenses.

Watch out: deposit insurance protects deposits if the institution fails; it does not cover investments or theft from your own mistakes.

3.2 Simple and compound interest

Simple: $I = Prt$. \$2,000 at 4% for 3 years $\rightarrow \$240$.

Compound: $A = P(1 + r/n)^{nt}$: interest earns interest.

Rule of 72: years to double $\approx 72 \div$ rate; at 6%, about 12 years.

APY includes compounding, so compare savings accounts by APY.

Watch out: write the rate as a decimal: $4\% = 0.04$, not 4.

17) Tenzin Dorje, a Rogers resident, invests $150 in a total-market index fund, which permits fractional shares, on the same day of each month for three months. The share price was $30, then $50, then $25. What was the average cost per share actually paid?

(A) $32.14
(B) $50.00
(C) $35.00
(D) $30.00

18) Yusuf Demir is a surgical resident whose wages year to date are $182,100. The next semimonthly check is $7,500.00 of gross pay. Using the reference figures for 2026, what is the Social Security withholding on that check?

(A) $108.75
(B) $148.80
(C) $465.00
(D) $573.75

19) What happens if you make extra payments toward the principal of an installment loan?

(A) The lender must refund the interest you already paid
(B) The extra money is applied only to next month's interest
(C) You can reduce the total interest paid, if the loan has no prepayment penalty
(D) The monthly payment drops right away on every loan

20) An online group promotes an investment program. Which feature of the offer is the strongest warning sign of fraud?

(A) A promise of 3% a week in returns, guaranteed with no risk
(B) A minimum investment of $500 to get started
(C) An annual fee listed in the program's documents
(D) An offer to send monthly account statements

21) Jordan Whitfield can take an unpaid 10-week summer internship that would cost him $1,800 for transit and meals, or a summer job paying $15 an hour for 30 hours a week over the same 10 weeks. Ignoring taxes, how much better off in cash would he be at the end of the summer with the paid job?

(A) $4,500
(B) $6,300
(C) $2,700
(D) $1,800

22) Aaliyah Freeman, a Fayetteville resident, receives the electric bill below.

Northshore Energy monthly bill	Amount
Electricity used	740 kWh
Energy charge at $0.16 per kWh	$118.40
Monthly service charge	$9.50
Amount due	**$127.90**

If next month's use falls by 120 kWh and nothing else changes, what will the amount due be?

(A) $107.16
(B) $89.50
(C) $99.20
(D) $108.70

23) Which strategy helps people save more as their income grows?

(A) Keeping each raise in checking so it is available when needed
(B) Automatically raising savings or retirement contributions with each raise
(C) Spending each raise on lifestyle upgrades
(D) Saving the same dollar amount no matter how income changes

24) Maya Brooks plans four years at an Arkansas public university where tuition and fees run about $9,800 a year. If she renews it each year, the Arkansas Academic Challenge Scholarship pays $1,000 in year 1, $4,000 in years 2 and 3, and $5,000 in year 4. How much of her four years of tuition and fees will she still need to cover from other sources?

(A) $14,000
(B) $29,200
(C) $35,200
(D) $25,200

25) A covered $5,300 loss is subject to a $1,500 deductible. The policy pays the rest with no other limits or cost sharing. How much does the insurer pay?

(A) $1,500
(B) $6,800
(C) $5,300
(D) $3,800

26) Inside his traditional IRA, an investor sells a fund for a $2,000 gain and uses all the money to buy a different fund in the same IRA. What federal tax does this create for the year?

(A) Capital gains tax on the $2,000 gain
(B) Ordinary income tax on the $2,000 gain
(C) The 10% additional tax for moving money early
(D) None; tax is owed only when money is withdrawn from the IRA

27) What makes a payday loan so risky for borrowers?

(A) It builds credit faster than any other loan
(B) Its fees equal a very high APR, often around 400%
(C) It is FDIC-insured like a savings account
(D) It always has a 0% APR

28) Nia's credit card statement shows a $75 charge twice for the same purchase. Under the Fair Credit Billing Act, what should she do to keep her dispute rights?

(A) Write to the card issuer about the error within 60 days after the statement was sent
(B) Wait for the store to notice and refund the charge on its own
(C) Stop paying her whole card bill until the error is fixed
(D) Call the credit bureaus to remove the charge

29) Wei Chen of Conway has a credit card that charges a $32 late fee, and after a payment more than 60 days late the issuer may replace his 19.99% APR with a 29.99% penalty APR. He carries a $1,800 balance. If the penalty APR applies, about how much more interest is charged each month?

(A) $45.00 (B) $32.00
(C) $15.00 (D) $180.00

30) Arkansas car owners must assess their vehicles with the county assessor each year and pay personal property tax by October 15. Darnell Hughes of Benton expects this year's bill to be $360. If he starts saving the same amount each month in November for next October's bill, how much should he set aside each month?

(A) $36 (B) $360
(C) $30 (D) $3

31) Leilani Kahale uses the debt snowball method. She pays the minimums on a store card ($25 minimum), a credit card ($60 minimum), and a car loan ($310 minimum), plus $150 extra on the store card. Once the store card is paid off, how much should she pay each month on the credit card?

(A) $235 (B) $210
(C) $60 (D) $175

32) In the same year, an investor sells one fund for a $1,500 long-term gain and another for a $600 long-term loss, both in a regular brokerage account. What net capital gain does she report?

(A) $1,500 (B) $900
(C) $2,100 (D) $600