HIGH SCHOOL

DELAWARE

PERSONAL FINANCE



FULL-LENGTH PRACTICE TESTS

400 Original Questions

with Step-by-Step Explanations and a Quick Review

Reza Nazari

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10 FULL-LENGTH DELAWARE PERSONAL FINANCE PRACTICE TESTS

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Effortless Math Education Inc

Published by Effortless Math Education

EffortlessMath.com

ISBN: 979-8-90703-693-2

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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.

Delaware facts (2026)

- State income tax: graduated, 2.2% to 6.6%.
- Minimum wage: $15.00 an hour.
- Delaware has no sales tax.
- Minimum auto liability 25/50/10.
- State 529 college savings plan: DE529 Education Savings Plan.
- A state student-aid program: SEED 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 Delaware 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 → $\$588 \div 6 = \$98$/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.

4 Investing
Risk and return, funds, and retirement accounts

4.1 Risk, return, and diversification

Stock	a share of ownership; higher expected return, higher risk
Bond	a loan to a company or government; pays interest
Mutual fund / ETF	many investments in one; built-in diversification
Index fund	tracks a market index at low cost

Diversification spreads money across many investments so one loss hurts less. A longer time horizon lets an investor ride out swings.

Watch out: higher expected returns generally require accepting greater risk; a promise of guaranteed high returns is a red flag.

18) In February 2027, a worker realizes he made no IRA contribution for 2026, though he had enough earned income that year. Which statement is correct?

(A) He cannot, because the 2026 deadline was December 31, 2026
(B) He can, and he may also make up any earlier years he skipped
(C) He can still make a 2026 contribution until the tax filing deadline in April 2027
(D) He can, at any time during 2027

19) Jamal Brooks of Dover is an airline captain whose wages year to date are $177,300. The next semimonthly check is $8,000.00 of gross pay. Using the reference figures for 2026, what is the Social Security withholding on that check?

(A) $612.00
(B) $446.40
(C) $496.00
(D) $116.00

20) Ben and Mia Carter, who have owned a home before, buy a $280,000 house in Dover. Suppose the realty transfer tax there totals 4% of the price and, by custom, buyer and seller split it equally. How much transfer tax do the Carters pay?

(A) $11,200
(B) $5,600
(C) $2,800
(D) $0

Use the information below. Then answer questions 21–23.

Credit Card Statement

A cardholder receives the statement below. No new purchases were made during the period.

Statement	Amount
Previous balance	$1,880.00
Credit limit	$5,000
Annual percentage rate	22.99%
Payments and credits	$0.00
Minimum payment due	_____

21) *Use the credit card statement to answer this question.*

At 22.99% APR, what is one month's finance charge on the $1,880.00 card balance?

(A) $18.80 (B) $1.18
(C) $432.21 (D) $36.02

22) *Use the credit card statement to answer this question.*

At 22.99% APR on this $1,880.00 balance, the card requires the greater of $35 or the interest plus 1% of the balance. What is the minimum payment?

(A) $54.82 (B) $35.00
(C) $37.60 (D) $36.02

23) *Use the credit card statement to answer this question.*

The statement lists a $1,880.00 balance, a $5,000 limit, and 22.99% APR. What is the utilization?

(A) 3.76% (B) 266%
(C) 37.6% (D) 27.3%

24) Tenzin Dorje of Georgetown sells commercial printers for a monthly base of $2,450.00 plus 5% commission on sales above a quota of $30,000. Last month Tenzin sold $41,500. What was the total pay for the month?

(A) $575.00 (B) $3,025.00
(C) $2,450.00 (D) $4,525.00

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

26) Tariq Nasser owns a bond that pays 3% interest a year. Since he bought it, newly issued bonds of the same quality and maturity pay 5%. If he sells his bond before it matures, what is most likely true?

(A) He will get more than its face value because rates went up
(B) He will get exactly its face value, because bond prices do not change
(C) His bond will start paying 5% interest to match new bonds
(D) He will get less than its face value, since buyers can earn more on new bonds

27) A mortgage escrow account typically collects money each month to pay which bills?

(A) Property taxes and homeowners insurance
(B) The homeowner's utility bills
(C) The principal on the mortgage
(D) Home repairs and remodeling

28) Kwame Asante of Smyrna buys a used car priced at $18,400 from a Delaware dealer. Delaware charges no sales tax but collects a vehicle document fee of 5.25% of the price when the car is titled, and the dealer adds a $499 processing fee. What is the total out-the-door cost?

(A) $19,865
(B) $18,899
(C) $19,366
(D) $20,049

29) Raising Isabel's auto deductible from $500 to $2,000 would lower her premium by $360 a year. About how many claim-free years would it take for the premium savings to equal the extra out-of-pocket cost of one claim?

(A) About 5.6 years
(B) About 1.4 years
(C) About 4.2 years
(D) About 0.2 years

30) Which pairing of an action with its risk-management strategy is correct?

(A) Deciding not to buy a motorcycle because of its crash risk – avoidance
(B) Installing smoke detectors – transfer
(C) Paying for small phone repairs from savings – avoidance
(D) Buying renters insurance – retention