HIGH SCHOOL

FLORIDA PERSONAL FINANCE



10 FULL-LENGTH PRACTICE TESTS

400 Original Questions

with Step-by-Step Explanations and a Quick Review

Reza Nazari

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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 ÷ 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.

Florida facts (2026)

- State income tax: none.
- Minimum wage: $15.00 an hour (statewide rate from September 30, 2026; was $14.00 through September 29).
- Statewide sales tax 6%; county discretionary surtaxes can add more, but only on the first $5,000 of a single item.
- Florida requires $10,000 of personal injury protection (PIP) and $10,000 of property damage liability.
- State 529 college savings plan: Florida Prepaid College Plans and Florida 529 Savings Plan.
- A state student-aid program: Florida Bright Futures 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 Florida 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.

17) Rania Haddad of Tallahassee buys three things in Leon County, where the 6% state sales tax plus the 1.5% Leon County surtax come to 7.5%. The printer runs out of ink part way down her receipt.

Tallgrass Outfitters receipt	**Amount**
Paint roller	$12.99
Bag of birdseed	$11.40
Tension rod	$36.50
Subtotal	**$60.89**
Sales tax at 7.5% (Florida 6% plus 1.5% Leon County surtax)	_____
Total	_____

The receipt shows the combined state and county rate. What should the total at the bottom be?

(A) $64.54 (B) $65.46
(C) $4.57 (D) $60.89

18) A student buys a cryptocurrency only because everyone at school is talking about it. What bias is this?

(A) Anchoring (B) Herd behavior
(C) Mental accounting (D) Present bias

19) Ayesha Rahman of Pensacola, 32, has two young children and a tight budget. She wants $750,000 of life insurance to protect her family until the children finish school in about 20 years. Which choice best fits her need?

(A) A whole life policy, because it costs less for the same death benefit
(B) A 5-year term life policy, because it has the lowest premium
(C) A 20-year term life policy
(D) Only her employer's group life policy, because it always follows her to new jobs

20) Prices across the economy rise about 4% in a year while a worker's pay stays the same. What happens to the worker's purchasing power?

(A) It falls, because the same pay buys less
(B) It rises, because prices are higher
(C) It stays the same, because the paycheck did not change
(D) It rises by 4%

21) Two savings accounts advertise rates. Which figure should be compared to see which pays more over a year?

(A) The annual percentage yield (APY)
(B) The monthly fee alone
(C) The simple interest rate, without compounding
(D) The APR

22) Wei Chen of Orlando buys an $18,000 used car. Florida's 6% sales tax applies to the full price, and Orange County's 0.5% discretionary surtax applies only to the first $5,000 of a single item. What is the total sales tax?

(A) $1,105
(B) $1,170
(C) $1,080
(D) $25

23) Malik Johnson and Anika Sharma rent an apartment for $1,880 a month. They agree that Malik pays 58% of the rent for the larger bedroom and that utilities of $168.00 are split evenly. What does Malik owe for the month?

(A) $1,024.00
(B) $1,187.84
(C) $1,090.40
(D) $1,174.40

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

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

25) $8,000 is deposited at 4% compounded annually for 10 years. What is the balance?

(A) $11,926.66
(B) $11,386.49
(C) $11,841.95
(D) $11,200.00

26) Ana wants a place for her $4,000 emergency fund. A 5-year CD pays a higher rate but charges a penalty for early withdrawal, and a high-yield savings account pays a little less but allows withdrawals at any time. Which choice best fits the purpose of this money?

(A) The high-yield savings account, because emergency money must be available quickly without a penalty
(B) The 5-year CD, because the higher rate matters most for any savings
(C) The 5-year CD, because a CD is insured and a savings account is not
(D) Either one, because the early withdrawal penalty is refunded in a true emergency

27) A worker already contributes enough to get his full 401(k) match. The plan's funds charge expense ratios near 1%, and he is eligible for a Roth IRA. He has more to save for retirement. What is a sound next step?

(A) Add more to the 401(k) because every dollar there is matched
(B) Put the next dollars in a Roth IRA with low-cost funds, then add more to the 401(k)
(C) Stop 401(k) contributions entirely to avoid its fees
(D) Use a taxable account because IRAs charge higher fees than 401(k)s

28) At a Jacksonville movie theater, popcorn comes in small for $5.00, medium for $8.50, and large for $9.00. Mia planned to buy a small, but the large looks like a bargain next to the medium, so she spends $9.00 and leaves half of it. Which influence best explains her choice?

(A) Rational choice, because the large always costs less per ounce and she wanted more
(B) Loss aversion, because she fears losing popcorn
(C) The sunk cost fallacy, because she already paid for the movie ticket
(D) The decoy effect: the medium size is priced to make the large look like a bargain

29) Rafael Ortiz of Tampa elected $2,400 for his health FSA through a cafeteria plan, so the money avoided federal income tax at 22% and FICA at 7.65%. By the deadline he spent only $1,900 on eligible expenses, and his plan has no carryover or grace period. Compared with paying the $1,900 from after-tax pay with no FSA, how did the FSA work out? Ignore state taxes.

(A) He came out behind by $500
(B) He came out ahead by about $211.60
(C) He came out ahead by about $711.60
(D) He came out ahead by about $28

30) A $1,350 machine requires $180 of delivery and setup and a $19 monthly subscription that is required to use it. Ignoring tax, what is the first-year total cost?

(A) $1,549
(B) $1,758
(C) $1,350
(D) $1,530

31) Florida requires drivers to carry $10,000 of property damage liability. Kenji Watanabe of Tampa carries only that minimum and causes a crash that does $16,500 of damage to another driver's SUV. How much of that damage could Kenji be held personally responsible for?

(A) $0
(B) $6,500
(C) $16,500
(D) $10,000

32) Fatima Al-Mansouri, a Jacksonville resident, starts a warehouse picker job that pays on the first of each month. How many paychecks is that in a full year?

(A) 24
(B) 52
(C) 12
(D) 26

33) An 18-year-old with no credit history wants to start building a good credit score at little cost. Which plan is the soundest?

(A) Open a secured card, charge a small bill each month, and pay it in full
(B) Carry a small balance each month so the issuer sees interest being paid
(C) Open several store cards at once to build history faster
(D) Use a debit card for all purchases so no debt builds up