HIGH SCHOOL

# GEORGIA 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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# 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.

**Georgia facts (2026)**

- State income tax: flat 4.99%.
- Minimum wage: $7.25 an hour (the federal rate).
- Statewide sales tax 4%; every county adds local sales tax, for combined rates of about 7% to 9%.
- Minimum auto liability 25/50/25.
- State 529 college savings plan: Path2College 529 Plan.
- A state student-aid program: HOPE 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 Georgia 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.

18) Carlos wants to check his bank balance while using free Wi-Fi at a coffee shop. What is the safest choice?

(A) Connect to whichever network has the shop's name and the strongest signal
(B) Use the coffee shop Wi-Fi as long as it has a password posted on the counter
(C) Use his phone's cellular data or a trusted VPN instead of the open network
(D) Use private or incognito browsing mode on the public Wi-Fi

19) Lena Novak is a surgical resident whose wages year to date are $182,100. The next semimonthly check is $10,600.00 of gross pay. Using the reference figures for 2026, what is the Social Security withholding on that check?

(A) $657.20
(B) $810.90
(C) $148.80
(D) $153.70

20) Eliana Cohen of Augusta is paid the same gross amount every period at Kestrel Bicycle Works. The earnings statement below is for the current period.

| Kestrel Bicycle Works | Eliana Cohen | Amount |
|---|---|---|
| Gross pay, this period | | $1,188.00 |
| Gross pay, year to date | | $10,692.00 |
| Federal income tax, this period | | $58.00 |
| Social Security, this period | | $73.66 |
| Medicare, this period | | $17.23 |
| Net pay, this period | | $1,039.11 |

How many pay periods has Eliana been paid so far this year?

(A) 10
(B) 8
(C) 26
(D) 9

21) Jada Wilson of Macon can rent a house for $1,450 a month or buy a similar one. Buying would mean a mortgage payment of $1,380, property tax of $260, homeowners insurance of $120, and about $150 of maintenance each month. How do the monthly cash costs compare?

(A) They cost the same, because renters also pay property tax
(B) Owning costs $70 less a month, since the mortgage payment is below the rent
(C) Owning costs $1,910 more a month
(D) Owning costs $460 more a month in cash, though part of each mortgage payment builds equity

22) Hana Sato expects to stay at her next job exactly 2 years and will always contribute enough to get the full match. Offer A pays $50,000 with a 3% match that vests immediately. Offer B pays $51,000 with a 6% match that vests only after 3 years of service. Counting salary plus match money she gets to keep, how do the offers compare over her 2 years?

(A) Offer B comes out $5,120 ahead
(B) Offer A comes out $1,000 ahead
(C) Offer B comes out $2,000 ahead
(D) Offer A comes out $3,000 ahead

23) A study app costs $12.99 a month, or $109.99 for a full year paid up front and not refundable. A student will use it only during the 8 months of the school year and can cancel and restart the monthly plan at any time with no fee. Which plan is cheaper for this student, and by how much?

(A) The monthly plan, by $6.07
(B) The annual plan, by $45.89
(C) The annual plan, because it works out to about $9.17 a month
(D) The monthly plan, by $45.89

24) An investor buys a fund solely because its return over the last three months was high. Which error is the investor most clearly making?

(A) Present bias
(B) Treating recent performance as a reliable forecast
(C) The sunk-cost fallacy
(D) Loss aversion

25) On a fixed-rate mortgage, what happens to the monthly principal-and-interest payment?

(A) It stays the same for the life of the loan
(B) It changes every month with market rates
(C) It goes down each year as the balance falls
(D) It rises each year to keep up with inflation

26) A guest slips on a wet floor in Nia Thompson's apartment, breaks a wrist, and asks Nia to help pay the medical bills. Nia has a standard renters insurance policy. Which coverage is designed for this situation?

(A) The personal property coverage in her renters policy
(B) The loss of use coverage in her renters policy
(C) The personal liability coverage in her renters policy
(D) The landlord's insurance policy on the building

27) Siobhan O'Neill of Gainesville receives the monthly checking statement below. The maintenance fee is waived for accounts that receive a direct deposit, and this institution's own machines are free to use.

| **Harbor State Bank** | **Siobhan O'Neill** | **Amount** |
|---|---|---|
| Beginning balance | | \$612.40 |
| Deposits | | \$1,930.25 |
| Withdrawals and card purchases | | \$1,495.60 |
| Monthly maintenance fee | | \$12.00 |
| Out-of-network ATM fees | $2 \times \$3.75$ | \$7.50 |
| **Ending balance** | | **\$1,027.55** |

What would the ending balance have been with the direct deposit set up and no out-of-network withdrawals?

(A) \$1,039.55
(B) \$1,047.05
(C) \$1,035.05
(D) \$1,027.55

28) Which is an example of fiscal policy?

(A) The Federal Reserve lowers its target interest rate
(B) The Federal Reserve buys government bonds from banks
(C) A store puts winter coats on sale
(D) Congress cuts income taxes to encourage spending

29) Why is unsecured debt riskier for a lender than secured debt?

(A) Unsecured lenders cannot report late payments to credit bureaus
(B) No specific asset backs the loan, so the lender has nothing to take if the borrower does not pay
(C) Unsecured debts cannot be collected through a lawsuit
(D) Unsecured loans are always for very small amounts

30) Wei Chen and Siobhan O'Neill rent an apartment for \$1,600 a month. They agree that Wei pays 58% of the rent for the larger bedroom and that utilities of \$195.00 are split evenly. What does Wei owe for the month?

(A) \$928.00
(B) \$897.50
(C) \$1,025.50
(D) \$1,041.10

31) Fatima Al-Mansouri of Brunswick is paid every two weeks and earns \$1,650 of gross pay each period. Her employer withholds Georgia income tax at the flat 4.99% rate on all of her pay. About how much Georgia tax is withheld over the year?

(A) \$1,976.04
(B) \$82.34
(C) \$2,140.71
(D) \$3,281.85