HIGH SCHOOL

HAWAII 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 HAWAII PERSONAL FINANCE PRACTICE TESTS

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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.

Hawaii facts (2026)

- State income tax: graduated, 1.4% to 11%.
- Minimum wage: $16.00 an hour.
- Hawaii has no sales tax. The 4% General Excise Tax (up to 4.5% with a county surcharge) is charged to businesses and usually passed on to buyers.
- Minimum auto liability 40/80/20.
- State 529 college savings plan: HI529.
- A state student-aid program: Hawai'i Promise.

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 Hawaii 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) A college student starts delivering food in the evenings with his own car through a delivery app. His personal auto policy excludes using the car to carry people or goods for a fee. What is the biggest insurance risk if he makes no changes?

(A) A crash during a delivery may be denied by his insurer, leaving gaps the app's coverage may not fill
(B) His premium will rise, but any crash during a delivery will still be covered as usual
(C) The app's insurance fully replaces his personal policy whenever he is working
(D) Only drivers who carry passengers are at risk, since he carries food and not people

18) Noelani Kahale of Honolulu compares two quotes for the same laptop.

Store	Quote
Store A	$480.00, plus General Excise Tax passed on at 4.712%
Store B	$499.00, tax included

Which store is cheaper, and by how much?

(A) Store A, by $19.00
(B) Store B, by $3.62
(C) Store B, by $0.20
(D) Store A, by $19.89

19) Which of these is the strongest single indicator that a call is a scam?

(A) A caller who already knows your account balance and asks you to confirm it
(B) A demand for payment in gift cards
(C) Pressure to act within the next ten minutes
(D) A caller ID that shows your bank's name

20) Aaliyah Freeman reviews the retirement plan statement below.

Pinecrest Veterinary retirement plan	Aaliyah Freeman	Amount
Employee deferral, year to date		$12,400
Employer match, year to date		$12,400
Investment earnings, year to date		$1,220
Remaining employee room for the year		_____

Using the 2026 contribution limit in the reference figures, how much more may Aaliyah defer from pay this year?

(A) −$300
(B) $12,400
(C) $24,500
(D) $12,100

21) Kenji Watanabe waits tables at a taqueria in Honolulu. His employer pays him $14.75 an hour, the $16.00 Hawaii minimum wage less the $1.25 tip credit, which is allowed because his wages plus tips come to more than $7.00 above the minimum wage. Last week Kenji worked 22 hours and reported $305.20 in tips. What were his gross earnings for the week?

(A) $657.20
(B) $324.50
(C) $629.70
(D) $305.20

22) Thabo Molefe and Gabriela Santos share a Kapolei apartment. Their roommate agreement includes the excerpt below.

Item	Terms
Monthly rent	$1,880.00
Rent split	Thabo 55% (larger bedroom); Gabriela 45%
Utilities (electric, water, internet)	$142.00 a month, split evenly

What does Thabo owe for the month?

(A) $1,034.00
(B) $1,011.00
(C) $1,105.00
(D) $1,112.10

23) An employer offers direct deposit. What is its main advantage for the worker?

(A) It guarantees the account will never be charged a monthly fee
(B) Pay arrives in the account automatically and is available quickly
(C) It raises the worker's pay
(D) It lets the employer see and manage the worker's account

24) Rosa's will leaves everything to her brother, but the beneficiary form on her 401(k) names her sister. Who usually receives the 401(k) when Rosa dies?

(A) The brother and sister split it equally
(B) Her brother, because a will always overrides a beneficiary form
(C) Her sister, because the beneficiary designation controls the account
(D) The state, because the documents conflict

25) Meera Iyer stays home to care for her children and has no earned income. Her husband earns $70,000, and they file a joint federal return. The 2026 IRA limit is $7,500 per person. Which statement about Meera saving in an IRA is correct?

(A) She can contribute up to $7,500 to an IRA in her own name, based on her husband's earnings
(B) She cannot contribute, because each IRA owner must have their own earned income
(C) She can save only by adding money to her husband's IRA
(D) The couple can put in only $7,500 in total between them

26) Someone breaks into Diego's locked car, smashes a window, and steals his laptop. Which coverage is most likely to pay for the laptop, subject to its deductible?

(A) Personal property coverage on his renters or homeowners policy
(B) Comprehensive coverage on his auto policy
(C) Liability coverage on his auto policy
(D) No coverage, because personal property is covered only inside the home

27) A paid-off card is closed while another card still carries a balance. Why might the credit score fall soon afterward?

(A) The score drops whenever any balance reaches zero
(B) A paid-off balance is reported as a loss to the lender
(C) The closure removes an available credit limit and may raise utilization
(D) Closing an account is recorded as a missed payment

28) Maya, 24 and healthy, expects about $300 of covered medical care next year and has $3,000 in savings. Plan A costs $180 a month with a $500 deductible. Plan B costs $110 a month with a $2,500 deductible. If her care stays at $300, which plan costs less for the year, counting premiums and what she pays for care?

(A) Plan A, by $1,160
(B) Plan B, by $70
(C) They cost the same, because she pays $300 either way
(D) Plan B, by $840

29) What does a deferment on a federal student loan do?

(A) It combines several loans into one new loan
(B) It temporarily pauses payments for borrowers who qualify
(C) It sets payments based on the borrower's income
(D) It lets the borrower skip payments with no application or approval

30) Julian deposits his paycheck with his bank's mobile app at 9 p.m. on a Friday. The bank's deposit cutoff time is 8 p.m. on business days, and Monday is not a holiday. On which day is the deposit usually treated as received?

(A) Friday
(B) Saturday
(C) Sunday
(D) Monday