HIGH SCHOOL

IDAHO

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 IDAHO PERSONAL FINANCE PRACTICE TESTS

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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.

Idaho facts (2026)

- State income tax: 0% on a small first slice of taxable income ($4,811 for a single filer in 2025), then a flat 5.3% on the rest.
- Minimum wage: $7.25 an hour (the federal rate).
- Statewide sales tax 6% (local taxes can add more).
- Minimum auto liability 25/50/15.
- State 529 college savings plan: IDeal – Idaho Education Savings Program.
- A state student-aid program: Idaho LAUNCH grant.

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 Idaho 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.

Scan Me

13) Nikolai Petrov, a Twin Falls resident, 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.

Meridian Community Bank	**Nikolai Petrov**	**Amount**
Beginning balance		\$612.40
Deposits		\$1,685.50
Withdrawals and card purchases		\$2,008.45
Monthly maintenance fee		\$5.00
Out-of-network ATM fees	$4 \times \$3.00$	\$12.00
Ending balance		**\$272.45**

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

(A) \$272.45
(B) \$277.45
(C) \$284.45
(D) \$289.45

14) A jacket is tagged "Was \$250, now \$120." A shopper feels it is a great deal without comparing other stores. What bias is at work?

(A) Present bias
(B) Anchoring on the original price
(C) The sunk-cost fallacy
(D) Loss aversion

15) A self-employed worker has net earnings of \$62,000. Approximately what is the self-employment tax?

(A) \$13,640
(B) \$8,760
(C) \$9,486
(D) \$4,380

16) Gloria plans to retire at 60. Her employer offers no retiree health coverage, and she expects to begin Social Security at 62. What should her retirement budget include?

(A) Health insurance premiums from 60 until she becomes eligible for Medicare, generally at 65
(B) No health insurance costs, since Medicare starts when she retires
(C) Health premiums only from 60 to 62, since Medicare starts with Social Security
(D) No medical costs after 65, since Medicare covers everything for free

17) Monthly net pay is \$2,940 and rent is \$1,080. What share of take-home pay goes to housing?

(A) 272.2%
(B) 3.06%
(C) 3.7%
(D) 36.7%

18) Brody Larsen of Twin Falls carries only Idaho's minimum auto liability limits of 25/50/15. He runs a stop sign and hits a pickup worth $19,000, which is totaled, and the pickup then knocks down a $2,500 fence. No one is hurt. How much of the property damage is left for Brody to pay himself?

(A) $0
(B) $4,000
(C) $21,500
(D) $6,500

19) A card charges the greater of $35.00 or the month's interest plus 1% of the balance. On a balance of $3,000.00 at 19.99% APR, what is the minimum payment?

(A) $60.00
(B) $30.00
(C) $79.98
(D) $49.98

20) Kenji Watanabe, who lives in Coeur d'Alene, compares three sizes of laundry detergent on the shelf.

Shelf tags: laundry detergent	**Price**
16-ounce size	$5.09
40-ounce size	$11.52
80-ounce size	$24.00

Which size costs the least per ounce?

(A) The 80-ounce size
(B) The 40-ounce size
(C) The 16-ounce size
(D) All three cost the same per ounce

21) A government report shows that workers with a bachelor's degree have higher median weekly earnings than workers with only a high school diploma. Which conclusion is most reasonable?

(A) Every bachelor's degree holder earns more than every high school graduate
(B) A degree is worth it at any price because it raises earnings
(C) A degree tends to raise earnings, but the payoff varies with the field, the cost, and whether the student finishes
(D) The median shows what each graduate will earn in the first job

22) Siobhan O'Neill of Boise has $3,000 of pre-tax earnings to put toward retirement. Today she pays 12% federal and 5.3% Idaho income tax on each extra dollar. She expects a combined rate of 25% in retirement, and money invested now will grow to 4 times its size by then. Option 1: put all $3,000 in a traditional IRA (deductible now, taxed when withdrawn). Option 2: pay today's tax and put the rest in a Roth IRA (withdrawn tax free). Which leaves her more to spend in retirement, and by how much?

(A) The Roth IRA, by $924
(B) The traditional IRA, by $2,076
(C) They leave the same amount
(D) The Roth IRA, by $3,000

23) 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

24) Rafael Castillo settles a $5,000 credit card debt by paying $2,000, and the card company forgives the other $3,000. Besides the effect on his credit report, what other cost might he face?

(A) The forgiven $3,000 may count as taxable income unless an exception, such as insolvency, applies
(B) He must pay tax on the full $5,000 original balance
(C) He can deduct the $2,000 he paid from his taxable income
(D) None, because forgiven debt is never treated as income

25) Tessa Morgan of Twin Falls compares two Idaho schools for a welding certificate. School A charges $6,000 in tuition and fees; School B charges $11,000. Idaho LAUNCH pays 80% of tuition and fees, up to $8,000. Which school leaves her the lower out-of-pocket tuition, and how much does she pay there?

(A) School B, $2,200
(B) School A, $1,200
(C) School A, $0
(D) School B, $3,000

26) Tomas Rivera will keep $5,000 in savings for one year. Bank A pays 4.00% APY and charges no fees. Bank B pays 4.30% APY but charges a $5 monthly maintenance fee on balances like his. Ignoring the small effect of the fees on the interest earned, which bank leaves him with more after one year, and by about how much?

(A) Bank B, by about $15
(B) Bank A, by about $60
(C) Bank A, by about $45
(D) Bank B, by about $10

27) Idaho taxes the first $4,811 of a single filer's Idaho taxable income at 0% and everything above it at a flat 5.3% (the most recent schedule posted by the Idaho State Tax Commission, for 2025). Rylee Olsen of Twin Falls is single and has $30,000 of Idaho taxable income. What is her Idaho income tax?

(A) $1,590.00
(B) $1,335.02
(C) $254.98
(D) $1,511.34

28) A new employee signs up for her workplace 401(k) and picks a contribution rate but never chooses any investments. What usually happens to her contributions?

(A) They are returned in her paycheck until she chooses
(B) They are split equally among every fund in the plan
(C) They go into the plan's default investment, often a target-date fund
(D) They earn the plan's guaranteed fixed rate of interest