HIGH SCHOOL

MISSISSIPPI 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.

Mississippi facts (2026)

- State income tax: flat 4% above $10,000.
- Minimum wage: $7.25 an hour (the federal rate).
- Statewide sales tax 7% (groceries 5% since July 1, 2025; local taxes can add more).
- Minimum auto liability 25/50/25.
- State 529 college savings plan: Mississippi Affordable College Savings (MACS).
- A state student-aid program: Mississippi Tuition Assistance Grant (MTAG).

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 Mississippi 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) Tanya Brooks of Greenwood receives the weekly earnings statement below.

Weekly earnings statement	Amount
Gross pay	$720.00
Federal income tax	$38.00
Social Security	$44.64
Medicare	$10.44
Mississippi income tax	$19.80
Net pay	_____

What is her net pay?

(A) $626.92
(B) $607.12
(C) $617.56
(D) $562.48

19) Marcus Hill, a senior in Clarksdale, wants to be considered for Mississippi's HELP grant and for MTAG. What must he file first?

(A) The FAFSA, using his own StudentAid.gov account
(B) Form 89-350
(C) A MACS enrollment form
(D) A Form W-4

20) Priya Raghunathan, who lives in Oxford, sells commercial printers for a monthly base of $2,800.00 plus 6% commission on sales above a quota of $30,000. Last month Priya sold $41,500. What was the total pay for the month?

(A) $3,490.00
(B) $690.00
(C) $5,290.00
(D) $2,800.00

21) Jamal Carter of Starkville wants enough life insurance so that, if he died, his family could pay off the $180,000 mortgage, replace $30,000 a year of income for 10 years, and set aside $50,000 for college. He has $40,000 in savings for these goals and $100,000 of group life insurance through work. Ignoring investment growth and inflation, how much additional coverage does he need?

(A) $530,000
(B) $390,000
(C) $490,000
(D) $120,000

22) A payday lender charges $20 to borrow $100 for 14 days. What is the approximate annual percentage rate?

(A) 52%
(B) 20%
(C) 521%
(D) 240%

23) Hiroshi Tanaka of Starkville waits tables at a hotel restaurant and is paid a cash wage of $4.25 an hour. Last week Hiroshi worked 31 hours and reported $238.90 in tips. What were the gross earnings for the week?

(A) $238.90
(B) $370.65
(C) $251.20
(D) $131.75

24) Why is an employer contribution to a health savings account (HSA) valuable?

(A) It must be spent by December 31 or it is lost
(B) It is tax-free money that can pay qualified medical costs or grow for the future
(C) It replaces the need for health insurance
(D) It is added to your taxable wages each year

25) Which of these has historically carried both the highest risk and the highest long-run expected return?

(A) A federally insured savings account
(B) A government bond fund
(C) A broad stock fund
(D) A certificate of deposit

26) A driver backs into a post and causes $750 of damage to her car. Her collision deductible is $500, and her insurer would likely raise her premium by about $150 a year for three years after an at-fault claim. What is the most sensible choice?

(A) File the claim, since the insurer would pay the full $750 of the repair
(B) File the claim, since she has already paid premiums for exactly this coverage
(C) Pay for the repair herself, since the claim would pay only $250 and could cost about $450
(D) Pay for the repair herself, since collision coverage never pays for single-car accidents

27) How are the payments on an amortized installment loan, such as a car loan, split over time?

(A) Every payment is split exactly half interest and half principal
(B) Early payments are mostly principal, and later payments are mostly interest
(C) Early payments are mostly interest, and later payments are mostly principal
(D) Every payment is interest only, and the principal is due at the end

28) Jordan Price of Oxford reads the card summary below from his credit report.

Card	Limit	Balance
Card A	$1,500	$450
Card B	$3,000	$1,350

What is his overall credit utilization?

(A) 30%
(B) 45%
(C) 40%
(D) 37.5%

29) Tanvi Patel starts a 30-day free trial of a music app and enters her debit card number. The terms say the plan renews automatically at $10.99 a month unless it is canceled before the trial ends. If she decides she does not want the service, which step most reliably avoids a charge?

(A) Delete the app from her phone before the trial ends
(B) Cancel in the account settings before the trial ends and save the confirmation
(C) Stop using the app so that the paid plan never starts
(D) Let the charge post and then report it to her bank as unauthorized

30) Fatima Al-Mansouri, a Gulfport resident, invests $300 in a total-market index fund, which permits fractional shares, on the same day of each month for three months. The share price was $20, then $25, then $15. What was the average cost per share actually paid?

(A) $20.00
(B) $25.00
(C) $15.00
(D) $19.15

31) Buying renters insurance is an example of which risk-management strategy?

(A) Transferring risk to an insurance company
(B) Avoiding risk
(C) Reducing risk
(D) Retaining risk

32) A credit card balance of $900.00 carries an APR of 17.99%. What is one month's finance charge?

(A) $13.49
(B) $0.44
(C) $161.91
(D) $1.35

33) Aaliyah Freeman, an Oxford 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	Aaliyah Freeman	Amount
Beginning balance		$1,338.90
Deposits		$1,685.50
Withdrawals and card purchases		$1,180.00
Monthly maintenance fee		$12.00
Out-of-network ATM fees	$3 \times \$2.50$	$7.50
Ending balance		**$1,824.90**

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

(A) $1,824.90
(B) $1,844.40
(C) $1,832.40
(D) $1,836.90