HIGH SCHOOL

MISSOURI PERSONAL FINANCE

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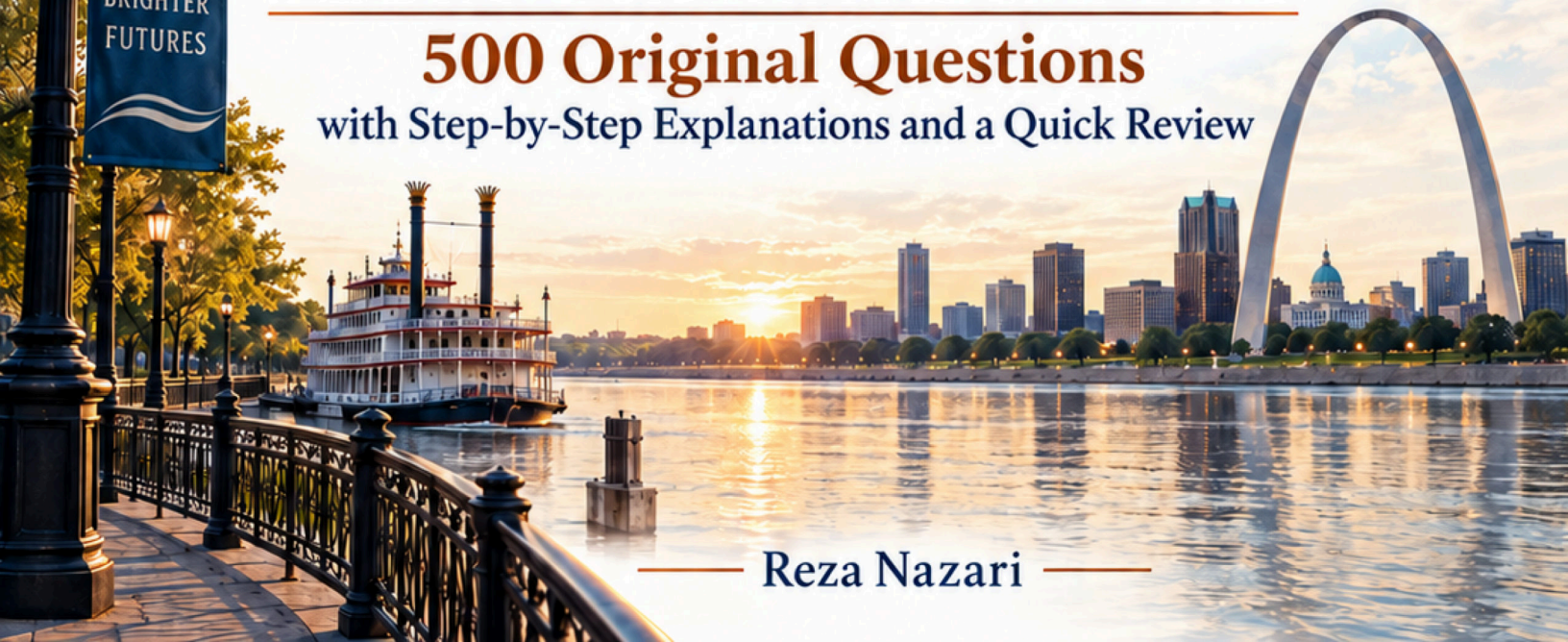


FULL-LENGTH PRACTICE TESTS

500 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.

Missouri facts (2026)

- State income tax: graduated; top rate 4.7% in 2025 (later cuts depend on state revenue, so questions state the rate they use).
- Minimum wage: $15.00 an hour.
- Statewide sales tax 4.225% (local taxes can add more).
- Minimum auto liability 25/50/25.
- State 529 college savings plan: MOST (Missouri's 529 Education Plan).
- A state student-aid program: A+ 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 Missouri 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.

20) Missouri lets a single filer subtract up to $8,000 a year of contributions to MOST, Missouri's 529 Education Plan, from Missouri income. Tyrone Jackson of Independence is single and puts $5,500 into MOST this year. For this question, his extra income is taxed at 4.7%. How much Missouri tax does the subtraction save him?

(A) $376.00
(B) $258.50
(C) $5,500.00
(D) $0.00

21) Devon Carter of Columbia is single with $40,000 of Missouri taxable income. For this question, the tax on the first $9,191 is $255, and Missouri's top rate of 4.7% applies to income above $9,191. What is his Missouri income tax?

(A) $1,703.02
(B) $1,880.00
(C) $1,448.02
(D) $1,625.00

22) Nia's explanation of benefits for an in-network visit shows: amount billed $450; plan allowed amount $300; plan paid $240; amount you may owe $60. When the provider's bill arrives, what amount should Nia expect to owe?

(A) $450
(B) $60
(C) $210
(D) $150

23) Jasmine hits a deer on a rural road, causing $3,200 of damage to her car. Which part of her auto policy usually pays for the repair?

(A) Comprehensive coverage
(B) Collision coverage
(C) Liability coverage
(D) Medical payments coverage

24) Diego mailed a check but now suspects it was stolen. What does a stop-payment order ask his bank to do?

(A) Make sure the payee is paid immediately
(B) Take back the money even if the check has already been cashed
(C) Close his checking account permanently
(D) Refuse to pay that check if it has not already cleared

25) Marcus Hill of Sedalia drives 15,000 miles a year and is choosing between a pickup that gets 20 miles per gallon and a sedan that gets 32 miles per gallon. Gas costs $3.20 a gallon. How much more would the pickup cost in fuel each year?

(A) $2,400
(B) $1,500
(C) $38.40
(D) $900

26) What should you know about a credit card's low introductory "teaser" rate?

(A) It lasts for a limited time and then rises to the regular APR
(B) It stays the same for as long as you have the card
(C) It stays in place even if you pay late during the promotion
(D) It applies only to cash advances

27) Priya Nair, a Rolla resident, buys $1,500 of furniture on a store card advertising "No interest if paid in full within 12 months." The card's regular APR is 29.99%. When the 12 months end, she still owes $100. Under typical deferred-interest terms, what happens next?

(A) Interest starts only on the remaining $100 from this point forward
(B) No interest is charged because she paid off most of the balance on time
(C) A one-time charge of 29.99% of the $100, or about $30, is added
(D) Interest is charged back to the purchase date on the full $1,500 purchase

28) Eliana Cohen 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.

Cordillera Credit Union	Eliana Cohen	Amount
Beginning balance		$1,104.20
Deposits		$1,930.25
Withdrawals and card purchases		$2,008.45
Monthly maintenance fee		$8.00
Out-of-network ATM fees	$4 \times \$3.75$	$15.00
Ending balance		**$1,003.00**

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

(A) $1,026.00
(B) $1,003.00
(C) $1,018.00
(D) $1,011.00

29) Malik Johnson compares three sizes of laundry detergent on the shelf.

Shelf tags: laundry detergent	Price
10-ounce size	$2.68
24-ounce size	$5.23
48-ounce size	$11.04

Which size costs the least per ounce?

(A) The 48-ounce size
(B) All three cost the same per ounce
(C) The 24-ounce size
(D) The 10-ounce size

30) An investor's written target is 65% in a broad stock fund and 35% in a bond fund. After a market rise, stocks are 73% of the portfolio. With no new money added, which trade moves the mix toward the target?

(A) Do nothing because the stock fund rose
(B) Sell some stock-fund shares and buy bond-fund shares
(C) Sell bond-fund shares and buy more stock-fund shares
(D) Buy more of both funds without selling anything

31) Two checking accounts are offered at the same credit union. One charges no monthly fee if a direct deposit arrives each month; the other charges none if a $1,500 balance is kept at all times. Which is the safer choice for someone paid twice a month with a thin cushion?

(A) The direct-deposit account, because the condition is met by the paycheck itself
(B) The minimum-balance account, because the fee applies only if the month ends below the minimum
(C) The minimum-balance account, because a balance is easier to control than a deposit
(D) Either; the two conditions are equally easy to meet

32) Camila Reyes is paid the same gross amount every period at Tobin & Reyes Accounting. The earnings statement below is for the current period.

Tobin & Reyes Accounting	**Camila Reyes**	**Amount**
Gross pay, this period		$1,045.60
Gross pay, year to date		$7,319.20
Federal income tax, this period		$58.00
Social Security, this period		$64.83
Medicare, this period		$15.16
Net pay, this period		$907.61

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

(A) 8 (B) 7
(C) 6 (D) 26

33) A side business has $5,600 of net earnings. What is the self-employment tax?

(A) $395.63 (B) $791.25
(C) $856.80 (D) $5,171.60