HIGH SCHOOL

NEBRASKA 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.

Nebraska facts (2026)

- State income tax (2026): graduated, 2.46% to 4.55%; Social Security benefits are exempt.
- Minimum wage: $15.00 an hour from January 1, 2026; employers may pay tipped workers a cash wage of $2.13 if tips make up the difference.
- Statewide sales tax 5.5% (local taxes can add more).
- Minimum auto liability 25/50/25, plus required uninsured and underinsured motorist coverage.
- State 529 college savings plan: NEST 529.
- A state student-aid program: Nebraska Opportunity 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 Nebraska 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

18) How does two-factor authentication make an account more secure?

(A) It requires a second proof of identity, such as a code or app approval, in addition to the password
(B) It locks the account after two wrong password attempts
(C) It sends the password to a second email address as a backup
(D) It removes the need for a password

19) Nebraska homeowners often pay property taxes through a mortgage escrow account. Suppose the tax on Ryan and Leah Voss's $260,000 Lincoln home is 1.9% of its value. How much must their lender add to each monthly payment to cover it?

(A) $4,940.00
(B) $494.00
(C) $411.67
(D) $205.83

20) Two siblings share a joint bank account with right of survivorship. When one sibling dies, what usually happens to the money?

(A) It must go through probate and be distributed by the will
(B) The bank keeps it until a court decides
(C) It is split between the survivor and the deceased's heirs
(D) It passes directly to the surviving owner, outside of probate

21) Before a deposit lands, 2 small debit purchases overdraw a checking account by a total of $6.50. The owner opted in to overdraft coverage, and the bank charges $32 for each item that overdraws the account. What do the purchases cost in fees?

(A) $64.00
(B) $32.00
(C) $57.50
(D) $77.00

22) Siobhan O'Neill, who lives in Hastings, is a hospital anesthetist whose wages year to date are $180,400. The next semimonthly check is $8,200.00 of gross pay. Using the reference figures for 2026, what is the Social Security withholding on that check?

(A) $508.40
(B) $254.20
(C) $627.30
(D) $118.90

23) A young nurse has a net worth of about $15,000, mostly the value of her paid-off car and a retirement account she cannot easily tap. Each month, though, she takes home $2,500 and spends $2,700, putting the difference on a credit card. What does this picture show?

(A) Her finances are sound, because a positive net worth makes up for monthly overspending
(B) Her net worth is positive but her cash flow is negative, so her card debt will keep growing
(C) Her cash flow is positive, since $15,000 covers many months of a $200 gap
(D) Her net worth grows by about $200 each month from the card purchases

24) A worker takes home $3,000 a month, and his needs (rent, utilities, groceries, insurance, transportation) total $1,900. He wants to keep saving 20% of take-home pay. How much is left for wants, and how does that compare with the 50/30/20 target for wants?

(A) $900, which matches the target
(B) $1,100, which is $200 above the target
(C) $500, which fits the guideline because needs and wants total 80%
(D) $500, which is $400 below the $900 target

25) Malik Johnson of Omaha is paid every two weeks and takes home $1,240 per check. He plans his monthly budget as if each month brings two paychecks. This year has 26 paydays, so two months each bring a third check. How much money beyond his two-check budget will those months bring over the year?

(A) $1,240
(B) $4,960
(C) $0
(D) $2,480

26) A borrower is reviewing a personal loan offer before signing. Which feature of the offer is the clearest warning sign of a predatory lender?

(A) The lender checks her credit report before approving her
(B) The lender asks her to sign with the payment amount left blank
(C) The lender shows the APR and total cost in writing first
(D) The lender lets her pay off the loan early with no penalty

27) Diego Herrera's index fund returned 7.2% last year, and inflation was 2.9%. Using the common approximation that the real return equals the stated return minus the inflation rate, what was his real return?

(A) 10.1%
(B) 4.3%
(C) 7.2%
(D) 2.5%

28) Ravi Menon 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	Ravi Menon	Amount
Beginning balance		$612.40
Deposits		$2,210.00
Withdrawals and card purchases		$1,495.60
Monthly maintenance fee		$8.00
Out-of-network ATM fees	$2 \times \$3.00$	$6.00
Ending balance		**$1,312.80**

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

(A) $1,318.80
(B) $1,326.80
(C) $1,320.80
(D) $1,312.80

29) $8,000 is deposited at 4% compounded annually for 10 years. What is the balance?

(A) $11,200.00
(B) $11,386.49
(C) $11,926.66
(D) $11,841.95

30) Siobhan O'Neill, who lives in Columbus, is offered a $129.00 protection plan on a snowblower costing $860.00. About 8% of these machines need the covered repair within the plan's term, and that repair costs $310.00. What is the expected cost of the repair without the plan?

(A) $129.00
(B) $24.80
(C) $310.00
(D) $68.80

31) A 22-year-old is investing for retirement about 45 years away and can tolerate the ups and downs of the market. Which approach best fits his situation?

(A) All bonds, because retirement money must be kept safe
(B) All in a savings account, so the balance never drops
(C) A single popular stock, for the fastest possible growth
(D) A diversified mix weighted mostly toward stock funds

32) An online group promotes an investment program. Which feature of the offer is the strongest warning sign of fraud?

(A) A minimum investment of $500 to get started
(B) An annual fee listed in the program's documents
(C) A promise of 3% a week in returns, guaranteed with no risk
(D) An offer to send monthly account statements