HIGH SCHOOL

NEVADA

# 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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## Effortless Math Education Inc

Published by Effortless Math Education

EffortlessMath.com

ISBN: 979-8-90703-680-2

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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.

## Nevada facts (2026)

- State income tax: none.
- Minimum wage: $12.00 an hour; Nevada does not allow employers to count tips toward it.
- Statewide sales tax 6.85% (local taxes can add more).
- Minimum auto liability 25/50/20.
- State 529 college savings plan: Nevada's 529 programs, such as the Future Path 529 Plan (Nevada has no income tax, so there is no state deduction).
- A state student-aid program: Governor Guinn Millennium 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 Nevada 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.

15) Wei Chen of Sparks compares three sizes of dog food on the shelf.

| Shelf tags: dog food | Price |
|---|---|
| 8-pound size | $2.54 |
| 20-pound size | $5.36 |
| 50-pound size | $14.80 |

Which size costs the least per pound?

(A) The 50-pound size
(B) All three cost the same per pound
(C) The 8-pound size
(D) The 20-pound size

16) After a natural disaster, Mia sees a social media post asking for donations. What should she do before giving?

(A) Verify the charity through its official website and a trusted charity-rating service
(B) Send money by wire transfer or gift card as the post asks
(C) Give through the link in the post if it has many likes and shares
(D) Donate if the charity's name sounds like a well-known organization

17) Market interest rates rise suddenly by one percentage point. Which of these bond funds, all holding high-quality bonds, would most likely see the largest drop in price?

(A) A fund whose bonds average about 2 years to maturity
(B) A fund whose bonds average about 6 years to maturity
(C) A money market fund holding bonds that mature within weeks
(D) A fund whose bonds average about 20 years to maturity

18) Ingrid Larsen, who lives in Pahrump, 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.

| Pine Hollow Federal Credit Union | Ingrid Larsen | Amount |
|---|---|---|
| Beginning balance | | $1,104.20 |
| Deposits | | $1,685.50 |
| Withdrawals and card purchases | | $1,742.30 |
| Monthly maintenance fee | | $12.00 |
| Out-of-network ATM fees | $2 \times \$3.75$ | $7.50 |
| **Ending balance** | | **$1,027.90** |

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

(A) $1,047.40
(B) $1,039.90
(C) $1,035.40
(D) $1,027.90

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

20) Lucia Moreno of Sparks sells a bike online for $300. The buyer mails a check for $1,300 and asks her to deposit it and send the extra $1,000 to his "mover" through a payment app. Her bank makes the money available two days later. What is the main risk?

(A) There is little risk once the bank makes the money available, since that means the check has cleared
(B) The check may be fake and come back weeks later, leaving her owing the bank while the $1,000 she sent is likely gone
(C) The only risk is a small fee from the payment app for sending $1,000
(D) The bank will absorb the loss if the check bounces, because it released the money

21) An investor sees that an actively managed fund beat its index by 8% last year and plans to move all her savings into it. Which point should she weigh most?

(A) Last year's lead shows the manager will keep beating the index
(B) Active funds usually charge lower fees than index funds
(C) An 8% lead guarantees an 8% return this year
(D) One strong year often does not repeat, and most active funds trail their index after fees over long periods

22) In the same year, an investor sells one fund for a $1,500 long-term gain and another for a $600 long-term loss, both in a regular brokerage account. What net capital gain does she report?

(A) $1,500
(B) $2,100
(C) $900
(D) $600

23) Nina's landlord has insurance on the apartment building. A fire damages Nina's laptop and clothes. Why does Nina still need renters insurance?

(A) The landlord's policy covers the building, not the tenant's belongings
(B) The landlord's policy automatically covers all tenant electronics
(C) The landlord's policy pays tenants' medical bills in every case
(D) The landlord's policy covers tenant belongings only up to $1,000

24) A household budgets $400 a month for groceries, but actual spending over the last three months was $470, $455, and $480. The rest of the budget is fully assigned. Which adjustment makes the budget most realistic?

(A) Keep groceries at $400 and try harder next month
(B) Raise groceries to about $470 and change nothing else
(C) Raise groceries to about $470 and lower another category by about $70 so the budget still balances
(D) Drop the grocery category and pay for food from whatever is left

25) Why is unsecured debt riskier for a lender than secured debt?

(A) Unsecured debts cannot be collected through a lawsuit
(B) No specific asset backs the loan, so the lender has nothing to take if the borrower does not pay
(C) Unsecured lenders cannot report late payments to credit bureaus
(D) Unsecured loans are always for very small amounts

26) Grace Kim buys a $249.99 vacuum at a Las Vegas store. Assume the Clark County combined sales tax rate of 8.375% applies to the full price, and the maker offers a $50 mail-in rebate that she receives weeks later. What is her net cost after the rebate arrives?

(A) $199.99
(B) $220.93
(C) $216.74
(D) $270.93