HIGH SCHOOL

OHIO

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: 979-8-90703-655-0

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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.

Ohio facts (2026)

- State income tax: 2.75% above $26,050.
- Minimum wage: $11.00 an hour (for larger employers); tipped workers may be paid a cash wage of $5.50 if tips make up the difference.
- Statewide sales tax 5.75% (county taxes can add more). Most Ohio cities, and some school districts, also levy local income taxes.
- Minimum auto liability 25/50/25.
- State 529 college savings plan: CollegeAdvantage.
- A state student-aid program: Ohio College 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 Ohio 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.

16) A college senior gets an email saying he is "prequalified" for a personal loan of up to $10,000 at rates starting at 7.99% APR. What does this message most likely mean?

(A) He is guaranteed a $10,000 loan at the advertised 7.99% APR
(B) The loan has already been opened and will appear on his credit report
(C) His credit score has dropped because the lender pulled his credit report
(D) The lender did an early screening, and the final amount and rate depend on a full application

17) Ohio cities tax wages earned inside the city, even for workers who live elsewhere. Maya Hughes lives in a township with no municipal income tax and earns $48,000 at a job in Columbus, which has a 2.5% income tax. How much Columbus income tax does she owe?

(A) $0
(B) $1,320
(C) $1,200
(D) $2,760

18) How is a joint account holder on a credit card different from an authorized user?

(A) A joint holder can be removed from the debt at any time by the other holder
(B) A joint holder shares ownership of the account and is responsible for the debt
(C) A joint holder's account never appears on their credit report
(D) A joint holder can only view statements and cannot make purchases

19) Thabo Molefe, a Columbus resident, is an airline captain whose wages year to date are $180,400. The next semimonthly check is $10,600.00 of gross pay. Using the reference figures for 2026, what is the Social Security withholding on that check?

(A) $657.20
(B) $254.20
(C) $153.70
(D) $810.90

20) Anika Sharma of Dayton has two credit cards.

Card	Limit	Balance
Card A	$3,000	$1,800
Card B	$2,000	$200

She pays $1,000 off Card A. What happens to her overall credit utilization?

(A) It falls from 60% to 27%
(B) It stays at 40%
(C) It falls from 40% to 30%
(D) It falls from 40% to 20%

21) Which statement correctly contrasts an exchange-traded fund (ETF) with a traditional mutual fund?

(A) An ETF holds one company's stock, while a mutual fund holds many
(B) Mutual funds are FDIC-insured, but ETFs are not
(C) ETF shares trade all day at market prices; mutual fund orders are filled once a day at the closing price
(D) ETFs cannot lose value because they track an index

22) On game days, parking lots near a Columbus stadium could charge about $25 a car. Suppose the city caps game-day parking at $10. What is the most likely result?

(A) Lots add more spaces because the price is lower
(B) Nothing changes, because the cap is only a limit
(C) Fewer drivers want to park, so lots sit empty
(D) More drivers want spaces than lots offer, so spaces run short and people circle or park farther away

23) Wei Chen buys three things at Gem City Goods in Dayton, and the printer runs out of ink part way down the receipt.

Gem City Goods receipt	**Amount**
a bath mat	$16.80
a desk organizer	$21.40
a bag of apples (grocery)	$4.99
Subtotal	**$43.19**
Sales tax	_____
Total	_____

Suppose the combined state and Montgomery County sales tax rate is 7.5% (use this rate). Ohio does not tax groceries bought to eat at home. What should the total at the bottom be?

(A) $46.43
(B) $46.06
(C) $45.39
(D) $43.19

24) A student planned a $1,800 trip for 10 months from now and has already saved $300. The trip is then moved earlier, so only 6 months remain. How much should he now save each month to be ready on time?

(A) $250, which is $100 more than before
(B) $300
(C) $150
(D) $180

25) Siobhan O'Neill of Cleveland 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	Siobhan O'Neill	Amount
Beginning balance		$1,338.90
Deposits		$1,420.00
Withdrawals and card purchases		$1,180.00
Monthly maintenance fee		$5.00
Out-of-network ATM fees	$2 \times \$3.00$	$6.00
Ending balance		**$1,567.90**

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

(A) $1,578.90
(B) $1,567.90
(C) $1,573.90
(D) $1,572.90

26) A café sells 40 muffins a day. Baking a 41st muffin would cost $1.20 more, and it would sell for $3.00. Using marginal thinking, should the café bake it?

(A) Yes, because the extra benefit is greater than the extra cost
(B) No, because the café already sells 40
(C) No, because the total cost of all muffins is high
(D) Yes, because every muffin is free to bake

27) Meera Iyer stays home to care for her children and has no earned income. Her husband earns $70,000, and they file a joint federal return. The 2026 IRA limit is $7,500 per person. Which statement about Meera saving in an IRA is correct?

(A) She cannot contribute, because each IRA owner must have their own earned income
(B) She can save only by adding money to her husband's IRA
(C) She can contribute up to $7,500 to an IRA in her own name, based on her husband's earnings
(D) The couple can put in only $7,500 in total between them

28) A driver causes $62,000 in covered property damage to someone else. The driver's liability policy has a $40,000 property-damage limit and no applicable deductible. How much remains beyond that limit?

(A) $40,000
(B) $22,000
(C) $62,000
(D) $102,000