HIGH SCHOOL

OREGON 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: 979-8-90703-675-8

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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.

Oregon facts (2026)

- State income tax: graduated, 4.75% to 9.9%.
- Minimum wage from July 1, 2026: $15.55 an hour standard, $16.80 Portland metro, $14.55 nonurban counties; tips cannot count toward it.
- Oregon has no sales tax.
- Minimum auto liability 25/50/20, plus required personal injury protection and uninsured motorist coverage.
- State 529 college savings plan: Embark (formerly the Oregon College Savings Plan).
- A state student-aid program: Oregon 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 Oregon 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.

17) Ahmed is an hourly, non-exempt worker at a private company. He works 46 hours this workweek, and his manager offers him 6 hours of paid time off next month instead of overtime pay. What does federal law generally require?

(A) Overtime pay of at least 1.5 times his regular rate for the 6 hours over 40 in the workweek
(B) The swap is legal as long as Ahmed agrees to it in writing
(C) The swap is legal as long as he gets the same 6 hours back as time off
(D) No overtime is owed unless he works more than 80 hours in the two-week pay period

18) A savings account pays 3.5% while inflation runs 3.4%. What is happening to the purchasing power of the balance?

(A) rising about 0.1%
(B) rising 6.9%
(C) falling about 0.1%
(D) rising 3.5%

19) Hiroshi Tanaka, an Albany resident, will keep a phone only as long as it gets security updates. A new phone costs $650 and should get updates for 5 more years. A certified refurbished phone of an older model costs $420 and should get updates for 2 more years. Based on cost per year of use, which is the better value?

(A) The refurbished phone, since it costs $230 less up front
(B) The refurbished phone, at about $84 a year
(C) The refurbished phone, at $140 a year
(D) The new phone, at $130 a year versus $210 a year

20) What does a credit freeze do?

(A) It erases late payments from your credit report
(B) It blocks new lenders from pulling your credit file, so new accounts cannot be opened
(C) It closes your existing accounts
(D) It stops you from using your existing credit cards

21) Jae Kim rents an apartment in Eugene. His landlord wants to come in to fix a leaky faucet. Unless there is an emergency or Jae agrees to something else, what notice does Oregon law require before the landlord enters?

(A) At least 24 hours' notice, and entry only at a reasonable time
(B) No notice, because the landlord owns the apartment
(C) At least 30 days' written notice
(D) A text message at least one hour ahead

22) Which statement correctly describes Oregon's rules for payday loans?

(A) The term may be as short as 14 days, and renewals are unlimited
(B) Payday loans are banned outright in Oregon
(C) The term must be at least 31 days, a loan may be renewed no more than twice, and a new loan cannot be made within 7 days after one is repaid
(D) The lender may charge a new origination fee at each renewal

23) Keisha Monroe of The Dalles drove for a delivery app for 30 hours last week and earned $780 from the app. She drove 600 miles, and she estimates her car costs 12 cents a mile for gas plus 18 cents a mile for maintenance and wear. What did she earn per hour after car costs, before taxes?

(A) $26.00
(B) $23.60
(C) $25.70
(D) $20.00

24) Nikolai Petrov, a Corvallis resident, is paid the same gross amount every period at Willow Creek Day Camp. The earnings statement below is for the current period.

Willow Creek Day Camp — Nikolai Petrov	Amount
Gross pay, this period	$742.50
Gross pay, year to date	$5,197.50
Federal income tax, this period	$67.00
Oregon income tax, this period	$44.00
Oregon statewide transit tax (0.1%), this period	$0.74
Paid Leave Oregon (0.6%), this period	$4.46
Social Security, this period	$46.04
Medicare, this period	$10.77
Net pay, this period	$569.49

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

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

25) In Oregon, the minimum auto liability limits are 25/50/20. What does the third figure mean?

(A) $20,000 of coverage for damage to other people's property
(B) A $20,000 deductible
(C) $20,000 of bodily injury coverage per person
(D) $20,000 of coverage to repair the policyholder's own car

26) What usually happens if you withdraw money from a certificate of deposit (CD) before it matures?

(A) You lose the whole original deposit to the bank
(B) You keep all interest earned so far, with no charge
(C) The bank will not release the money under any circumstances
(D) You pay an early-withdrawal penalty, often several months of interest

27) Wei Chen of Eugene can pair a high-deductible health plan with a health savings account (HSA), or keep a low-deductible plan with a health flexible spending account (FSA). He expects to spend little on care this year and may change jobs next year. Which feature of the HSA fits his situation best?

(A) Money left at year-end must be spent by the end of the plan year or it is lost
(B) It can be opened alongside any health plan, including a low-deductible one
(C) Contributions are taxed when made, and withdrawals are taxed again when spent
(D) Unused money rolls over every year, and the account stays his if he leaves the job

28) Rania Haddad, a McMinnville resident, is under 50 and has put $2,400 into a traditional IRA and $900 into a Roth IRA this year. The accounts have also gained $910 in value. Using the reference figures for 2026, how much more may Rania contribute this year?

(A) $5,100
(B) $11,700
(C) $3,290
(D) $4,200

29) In February 2027, a worker realizes he made no IRA contribution for 2026, though he had enough earned income that year. Which statement is correct?

(A) He cannot, because the 2026 deadline was December 31, 2026
(B) He can, and he may also make up any earlier years he skipped
(C) He can, at any time during 2027
(D) He can still make a 2026 contribution until the tax filing deadline in April 2027

30) Which type of insurance pays for damage you cause to other people and their property?

(A) Disability insurance
(B) Liability coverage
(C) Renters insurance
(D) Life insurance

31) A credit card company "charges off" Mateo's unpaid balance. What does this mean?

(A) The lender wrote the debt off as a loss, but Mateo may still owe it
(B) The debt is forgiven and Mateo owes nothing
(C) The lender raised Mateo's credit limit
(D) The balance was moved to a new account with a 0% rate