HIGH SCHOOL

SOUTH CAROLINA

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: 979-8-90703-671-0

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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.

South Carolina facts (2026)

- State income tax (Act 110 of 2026, starting with 2026): 1.99% on the first $30,000 of taxable income and 5.21% above that.
- Minimum wage: $7.25 an hour (the federal rate).
- Statewide sales tax 6% (local taxes can add more); unprepared food is exempt from the state rate.
- Minimum auto liability 25/50/25, plus 25/50/25 uninsured motorist coverage.
- State 529 college savings plan: Future Scholar 529.
- A state student-aid program: LIFE 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 South Carolina 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

Use the information below. Then answer questions 13–15.

Credit Card Statement

A cardholder receives the statement below. No new purchases were made during the period.

Statement	Amount
Previous balance	$1,880.00
Credit limit	$5,000
Annual percentage rate	22.99%
Payments and credits	$0.00
Minimum payment due	_____

13) *Use the credit card statement to answer this question.*

At 22.99% APR, what is one month's finance charge on the $1,880.00 card balance?

(A) $18.80
(B) $432.21
(C) $36.02
(D) $1.18

14) *Use the credit card statement to answer this question.*

At 22.99% APR on this $1,880.00 balance, the card requires the greater of $35 or the interest plus 1% of the balance. What is the minimum payment?

(A) $37.60
(B) $35.00
(C) $54.82
(D) $36.02

15) *Use the credit card statement to answer this question.*

The statement lists a $1,880.00 balance, a $5,000 limit, and 22.99% APR. What is the utilization?

(A) 266%
(B) 37.6%
(C) 27.3%
(D) 3.76%

16) A saver's 12-month CD matured three weeks ago. The bank mailed a notice saying the CD would renew automatically unless she acted within a 10-day grace period, but she ignored it. What has most likely happened?

(A) It renewed into a new 12-month CD at the bank's current rate, so taking the money out now may cost an early withdrawal penalty
(B) The money was moved into her checking account when the CD matured
(C) It keeps earning its old rate with no set term, so she can withdraw anytime
(D) The bank closed the CD and mailed her a check for the balance

17) Nikolai Petrov reviews the retirement plan statement below.

Harborview Ferry Service retirement plan	Nikolai Petrov	Amount
Employee deferral, year to date		$15,800
Employer match, year to date		$15,800
Investment earnings, year to date		$410
Remaining employee room for the year		_____

Using the 2026 contribution limit in the reference figures, how much more may Nikolai defer from pay this year?

(A) −$7,100
(B) $24,500
(C) $8,700
(D) $15,800

18) Rosa Jimenez of Orangeburg needs financial help to attend a South Carolina public college. What should she do to be considered for the SC Need-Based Grant and federal grants?

(A) File the FAFSA as early as possible
(B) Wait until her first semester grades are posted
(C) Apply only for the LIFE Scholarship, which covers need-based aid
(D) Open a Future Scholar account to qualify

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

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

20) A worker is changing jobs and has $25,000 in her old employer's traditional 401(k). She wants the money to keep growing tax-deferred and wants nothing withheld for taxes. Which choice best fits her goal?

(A) Have a check made out to her and deposit it in an IRA later
(B) Ask the plan to send the money directly to a traditional IRA or her new employer's plan
(C) Cash out the balance and invest it in a regular brokerage account
(D) Move the money straight into a Roth IRA to avoid all future taxes

21) Darnell Hughes, a Spartanburg resident, earns $9,000 from food delivery and keeps a log showing $2,100 of deductible business expenses. Self-employment tax is 15.3% of 92.35% of net earnings. By about how much does deducting the expenses lower his self-employment tax?

(A) $321.30
(B) $2,100.00
(C) $296.72
(D) $0

22) Aaliyah Brooks finds concert tickets for sale from a stranger online. The seller asks to be paid through a person-to-person payment app instead of by card. Why is this riskier than paying by credit card?

(A) Payment apps charge higher interest than credit cards on the amount sent
(B) Payments she authorizes to a stranger through such apps are usually hard to reverse and often lack purchase protection, while a credit card purchase can be disputed
(C) A credit card payment is harder for scammers to track, so her identity stays private
(D) App payments take several weeks to arrive, so the seller may cancel the sale

23) During the year, Grace receives four amounts. Which one is taxable income on her federal return?

(A) A $600 birthday gift of cash from her grandmother
(B) A $600 scholarship spent entirely on tuition for her degree
(C) A $600 prize from a radio station contest
(D) $600 of child support paid to her mother for Grace

24) What usually happens if you pay only the minimum payment on a credit card balance each month?

(A) No interest is charged as long as the minimum is paid
(B) The credit score drops because a minimum payment counts as a partial missed payment
(C) The balance is paid off within one month
(D) The debt lasts much longer and you pay much more interest

25) Owen Park's PPO pays 60% of the plan's allowed amount for out-of-network care after the deductible, which he has already met. He schedules an office visit with an out-of-network specialist who bills $1,000; the plan's allowed amount is $700. Federal surprise-billing protections do not apply to this planned visit. How much will Owen most likely owe the specialist?

(A) $580 (B) $280
(C) $400 (D) $300

26) Rafael gets a phone call from someone who says he is an IRS agent. The caller says Rafael owes back taxes and will be arrested today unless he pays right away with gift cards. What should Rafael do?

(A) Pay with gift cards to avoid arrest, then ask for a refund if it was a mistake
(B) Give the caller his Social Security number to confirm the debt is his
(C) Call back the number the caller gives him to check the claim
(D) Hang up; the IRS does not demand payment by gift card or threaten immediate arrest, and it usually contacts people by mail first

27) To keep a LIFE Scholarship, a South Carolina college student must earn a 3.0 cumulative GPA and at least 30 credit hours each year. Which student keeps the scholarship for next year?

(A) Chloe Park, with a 2.9 cumulative GPA and 32 credit hours
(B) Ethan Webb, with a 3.6 cumulative GPA and 24 credit hours
(C) Grace Lin, with a 3.0 GPA in her major but a 2.8 cumulative GPA
(D) Mason Cruz, with a 3.2 cumulative GPA and 30 credit hours this year