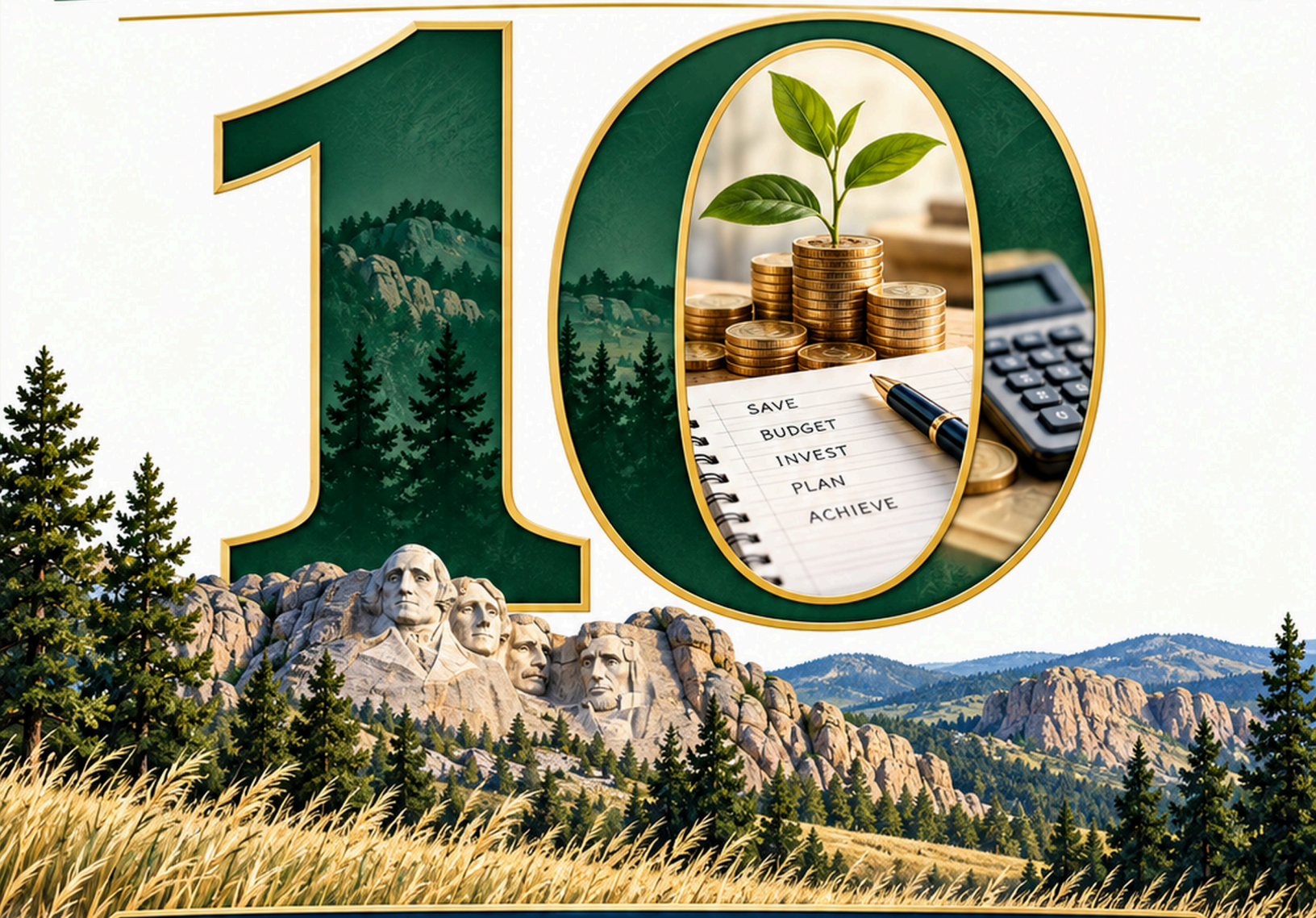
HIGH SCHOOL

SOUTH DAKOTA

PERSONAL FINANCE



FULL-LENGTH PRACTICE TESTS

400 Original Questions

with Step-by-Step Explanations and a Quick Review

Reza Nazari

HIGH SCHOOL PERSONAL FINANCE

10 FULL-LENGTH SOUTH DAKOTA PERSONAL FINANCE PRACTICE TESTS

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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.

South Dakota facts (2026)

- State income tax: none.
- Minimum wage: $11.85 an hour.
- Statewide sales tax 4.2% (local taxes can add more).
- Minimum auto liability 25/50/25.
- State 529 college savings plan: CollegeAccess 529.
- A state student-aid program: South Dakota Opportunity 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 Dakota 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.

18) Malik Johnson waits tables at a coffee bar in South Dakota and is paid the state minimum wage of $11.85 an hour. Last week Malik worked 22 hours and reported $186.40 in tips. What were the gross earnings for the week?

(A) $186.40
(B) $447.10
(C) $260.70
(D) $353.90

19) What is a home equity line of credit (HELOC)?

(A) A reverse mortgage that pays older homeowners a monthly income
(B) An unsecured payday loan
(C) A revolving line of credit secured by the equity in a home
(D) A second mortgage paid out as one lump sum at a fixed rate

20) Which habit best protects you from mail theft of new credit cards or tax forms?

(A) Ignore mail that you expected but never received
(B) Use a locked mailbox and collect your mail promptly
(C) Put a sign on the mailbox asking others not to open it
(D) Leave outgoing bill payments in the mailbox with the flag raised

21) Fatima Al-Mansouri sells commercial printers. Her pay record for March is below.

Pay record: Fatima Al-Mansouri, March	**Amount**
Base pay	$2,800.00
Sales for the month	$31,500.00
Commission: 4% of sales above a $20,000 quota	_____
Traditional 401(k): 5% of gross pay	_____
Social Security 6.2% and Medicare 1.45%	_____
Federal income tax withheld	$214.00

The 401(k) deferral is not subject to income tax but is subject to Social Security and Medicare. What is Fatima's net pay for March?

(A) $2,646.08
(B) $2,796.61
(C) $3,332.41
(D) $2,633.61

22) Theo Lindqvist, who lives in Pierre, owns a home, has $900,000 in savings and investments, and has a backyard pool and a teenage driver. His auto and homeowners liability limits are each $300,000. Which step most cost-effectively protects his assets from a lawsuit judgment of more than $1,000,000?

(A) Buy a personal umbrella policy of at least $1,000,000
(B) Lower the deductibles on his auto and homeowners policies
(C) Raise the collision and comprehensive coverage on his cars
(D) Raise the dwelling coverage on his homeowners policy

23) Leilani Kahale, who lives in Huron, uses the debt snowball method. She pays the minimums on a store card ($25 minimum), a credit card ($60 minimum), and a car loan ($310 minimum), plus $150 extra on the store card. Once the store card is paid off, how much should she pay each month on the credit card?

(A) $210
(B) $60
(C) $175
(D) $235

24) Jenna Moore lives in Sioux Falls and has two job offers: $50,000 in Sioux Falls, or $52,000 in Luverne, Minnesota. Suppose Minnesota income tax on the Minnesota job would be $2,400, while South Dakota has no income tax. Ignoring commuting costs, which offer leaves her more after state income tax, and by how much?

(A) The Luverne job, by $2,000
(B) The Sioux Falls job, by $400
(C) The Luverne job, by $400
(D) The Sioux Falls job, by $2,400

25) Nia's explanation of benefits for an in-network visit shows: amount billed $450; plan allowed amount $300; plan paid $240; amount you may owe $60. When the provider's bill arrives, what amount should Nia expect to owe?

(A) $450
(B) $60
(C) $210
(D) $150

26) Rosa Delgado's health insurer denies a claim for a treatment her doctor says is medically necessary. What is usually her best next step?

(A) Pay the bill in full, because an insurer's denial is final
(B) Stop paying her premiums until the insurer pays the claim
(C) Wait for the insurer to review the claim again at renewal time
(D) File an internal appeal with her doctor's supporting letter, then ask for an external review if it is still denied

27) A card charges the greater of $35.00 or the month's interest plus 1% of the balance. On a balance of $3,000.00 at 19.99% APR, what is the minimum payment?

(A) $30.00
(B) $60.00
(C) $49.98
(D) $79.98

28) Four people are thinking about buying life insurance. Which one most likely has the smallest need for it?

(A) A 35-year-old parent whose salary pays most of the family's bills
(B) A 40-year-old who shares a large mortgage with a spouse on two incomes
(C) A 28-year-old stay-at-home parent of two young children
(D) A 19-year-old single student with no children and no one relying on her income

29) A worker wants $60,000 a year in retirement and expects $24,000 a year from Social Security. His planner uses a guideline of withdrawing 4% of savings in the first year. About how much should he aim to have saved?

(A) $1,500,000
(B) $600,000
(C) $360,000
(D) $900,000

30) When does refinancing a loan usually make sense?

(A) Whenever the new monthly payment is lower, whatever the total cost
(B) Whenever interest rates have risen since the loan was made
(C) When a lower rate or better terms save more than the costs of refinancing
(D) Only when the fees are larger than any savings

31) Insurance has a negative expected value for the buyer. When is buying it still the better decision?

(A) When the premium is the lowest available
(B) When the loss would be large enough that you could not absorb it
(C) When the premiums you pay will total more than any claim you make
(D) Whenever the coverage is offered

32) Denise is unmarried and pays all the costs of keeping up the home where she lives with her 8-year-old son, who is her dependent. Which filing status most likely fits her?

(A) Single
(B) Married filing separately
(C) Qualifying surviving spouse
(D) Head of household

33) A weekend photographer is paid as an independent contractor rather than as an employee. What happens to payroll tax?

(A) Payroll taxes are typically not withheld, and the photographer is responsible for self-employment tax
(B) The client pays the whole payroll tax on the photographer's behalf
(C) Social Security and Medicare are withheld from each payment as usual
(D) No Social Security or Medicare is owed on the work at all

34) According to a common guideline, how large should an emergency fund be?

(A) The amount of one monthly rent payment
(B) One week of take-home pay
(C) Three to six months of essential living expenses
(D) Nothing, if you have a credit card with a high limit