HIGH SCHOOL

VIRGINIA PERSONAL FINANCE



10 FULL-LENGTH PRACTICE TESTS

500 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: 979-8-90703-660-4

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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.

Virginia facts (2026)

- State income tax: graduated, 2% to 5.75%.
- Minimum wage: $12.77 an hour.
- Statewide sales tax 5.3% (local taxes can add more).
- Minimum auto liability 50/100/25.
- State 529 college savings plan: Virginia529 (Invest529).
- A state student-aid program: Virginia Guaranteed Assistance Program (VGAP).

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 Virginia 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.

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.

18) A delivery driver's take-home pay has ranged from $2,200 to $3,800 a month over the past year, with an average of about $3,000. Which plan for setting monthly spending is most reliable?

(A) Base the budget on the $3,000 average, since good and bad months balance out
(B) Base each month's budget on the previous month's pay
(C) Base the budget on $3,800 and use a credit card during slow months
(D) Base the core budget on about $2,200 and move extra income from better months into a buffer account

19) Jamal Carter of Norfolk lists what his family would need if he died, and what he already has.

Life insurance worksheet	**Amount**
Pay off the mortgage	$180,000
Replace income: $30,000 a year for 10 years	?
College fund	$50,000
Savings already set aside	$40,000
Group life insurance through work	$100,000

Ignoring investment growth and inflation, how much additional coverage does he need?

(A) $530,000
(B) $490,000
(C) $390,000
(D) $120,000

20) Samuel Oyelaran of Manassas carries an average card balance of $2,500 all year and charges $6,000 a year.

Card	**Cash back**	**APR**
Card X	2%	26%
Card Y	1%	17%

Estimating yearly interest as the APR times the average balance, which card costs him less for the year, and by how much?

(A) Card X, by about $60
(B) Card Y, by about $165
(C) Card Y, by about $225
(D) They cost the same, since the extra rewards offset the higher APR

21) Ella Brooks wants to buy from an online store she has never used before. She can pay with her credit card or her debit card, and she pays her credit card bill in full each month. Why is the credit card usually the safer choice for this purchase?

(A) Credit card numbers cannot be stolen or misused when shopping online
(B) Debit card fraud is never refunded once the money leaves her account
(C) A fraudulent charge does not take cash from her checking account, and federal law caps her liability
(D) Stores give a longer return period on purchases paid with a credit card

22) Sam receives a $5,000 inheritance. He has $2,000 of credit card debt at 24% APR and no emergency fund. What is the soundest plan?

(A) Keep paying the credit card minimum and save the whole $5,000
(B) Spend it all on a vacation while he has the money
(C) Put all of it into a single trendy stock
(D) Pay off the credit card, then start an emergency fund with the rest

23) Jamal Brooks, who lives in Virginia Beach, starts a bicycle mechanic job that pays on the first of each month. How many paychecks is that in a full year?

(A) 24
(B) 52
(C) 12
(D) 26

24) Why can negotiating a slightly higher starting salary matter more over time than the first-year difference suggests?

(A) A higher base salary qualifies her for a lower Social Security tax rate
(B) A negotiated starting salary is paid as a lump sum in the first year
(C) Future percentage raises and some benefits, such as a retirement match, are usually figured on the base salary
(D) Employers must give every worker the same dollar raise each year

25) 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) $22,000
(B) $40,000
(C) $102,000
(D) $62,000

26) Isaiah Carter accounts for all outstanding items and finds that his check register is exactly $5.40 lower than the reconciled bank figure. Which mistake would most likely explain this?

(A) He forgot to record a $5.40 ATM fee
(B) He recorded $5.40 of interest twice
(C) He recorded a $52.80 check as $58.20
(D) He recorded a $54.00 deposit as $45.00

27) An apartment rents for $1,100. Moving in requires first month's rent, a deposit of one month, $90 in application fees, $240 for a year of renters insurance, $150 in utility deposits, and $275 for the move. What is the total, as a multiple of the rent?

(A) 1.69 months
(B) 2.69 months
(C) 1.34 months
(D) 2 months

28) Siobhan O'Neill, who lives in Norfolk, is paid the same gross amount every period at Sunbelt Solar Installers. The earnings statement below is for the current period.

Sunbelt Solar Installers	Siobhan O'Neill	Amount
Gross pay, this period		$1,045.60
Gross pay, year to date		$7,319.20
Federal income tax, this period		$46.00
Social Security, this period		$64.83
Medicare, this period		$15.16
Net pay, this period		$919.61

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

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

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

30) A fire destroys Hannah's three-year-old laptop. She paid $1,200 for it; a comparable new laptop now costs $1,000, and the old one's depreciated value is $450. Her renters policy has replacement-cost coverage and a $250 deductible. How much should the policy pay for the laptop?

(A) $200
(B) $950
(C) $750
(D) $1,000

31) Mei Lin's debit card is stolen on Saturday, and she notices it missing that evening. Before she calls her bank on Monday, which is within two business days, the thief spends $900. Under federal rules for debit cards, what is the most she can be held responsible for?

(A) $50
(B) $500
(C) $900
(D) $0 under federal law in every case