HIGH SCHOOL

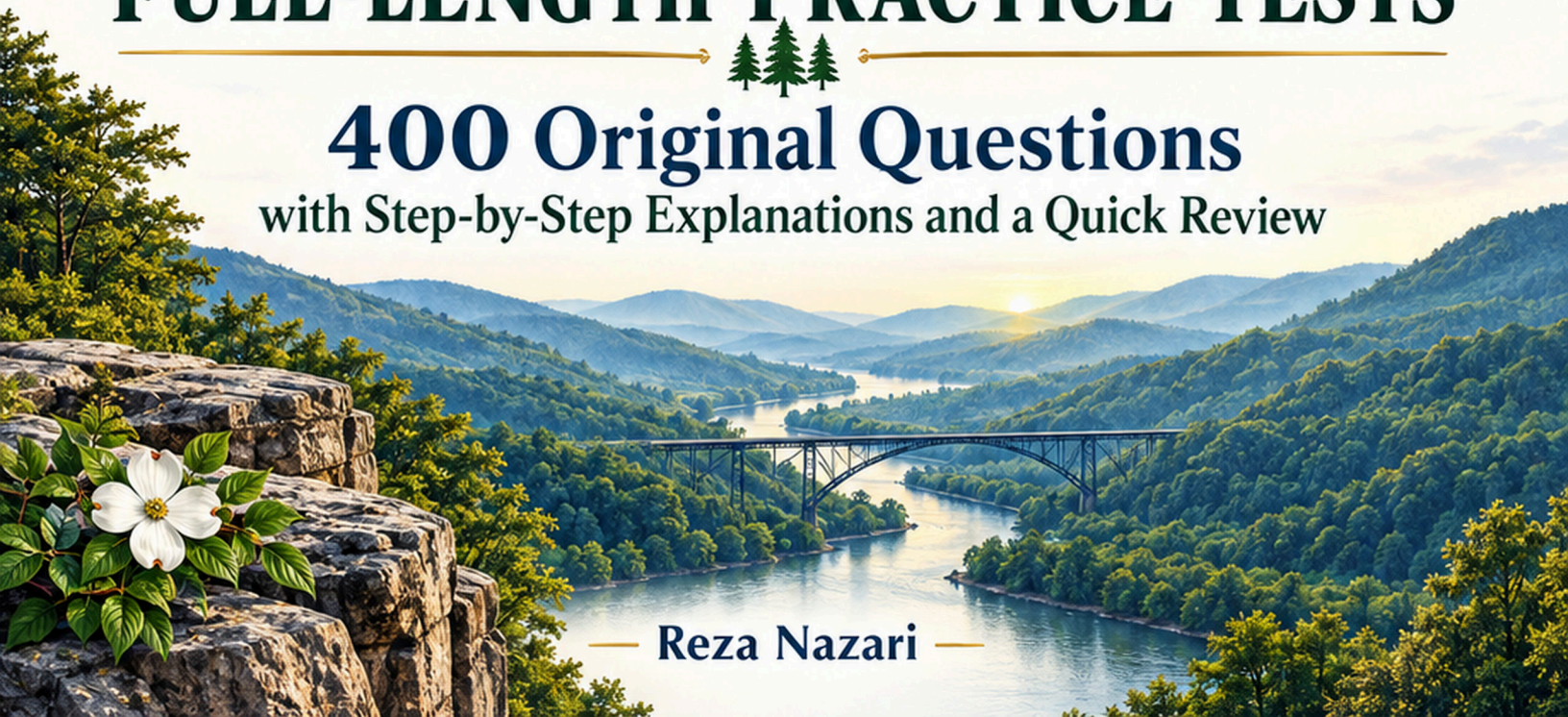
WEST VIRGINIA PERSONAL FINANCE



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 WEST VIRGINIA PERSONAL FINANCE PRACTICE TESTS

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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.

West Virginia facts (2026)

- State income tax: graduated, 2.11% to 4.58%.
- Minimum wage: $8.75 an hour (employers with six or more employees).
- Statewide sales tax 6% (local taxes can add more).
- Minimum auto liability 25/50/25.
- State 529 college savings plan: SMART529.
- A state student-aid program: PROMISE 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 West 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) Hiroshi Tanaka starts a landscape crew member job that pays on the first of each month. How many paychecks is that in a full year?

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

19) Approximately what share of a FICO score comes from payment history?

(A) 35% (B) 10%
(C) 15% (D) 30%

20) Brianna Walsh of Wheeling owes $12,400 on a car that is worth $9,000 as a trade-in. She buys a $21,500 car with no down payment, and the dealer rolls the unpaid balance of her old loan into the new loan. Ignoring taxes and fees, how much will she finance?

(A) $21,500 (B) $18,100
(C) $12,500 (D) $24,900

21) Tanya Brooks, a Fairmont resident, would need to borrow $40,000 for a program whose graduates typically start at $32,000 a year. Which step follows a common guideline for education borrowing?

(A) Look for ways to cut borrowing to about $32,000 or less, keeping total debt at or below her expected first-year salary
(B) Borrow the full amount, since any credential raises lifetime earnings enough to repay it
(C) Choose whichever loan has the lowest monthly payment, regardless of total cost
(D) Compare the debt with the average salary of all college graduates instead of her field

22) Kenji Watanabe leases a car for $279.00 a month for 24 months, with $3,295.00 due at signing in addition to all 24 monthly payments, and a $350.00 disposition fee charged when the car is handed back. What is the total cash paid over the lease?

(A) $6,696.00 (B) $10,341.00
(C) $9,991.00 (D) $7,046.00

23) Evelyn Brooks of Charleston, 78, wants her savings account to go to her son when she dies without going through probate. She does not want him to be able to use the money while she is alive. Which step best fits her goals?

(A) Add her son as a joint owner of the account
(B) Name her son as the payable-on-death (POD) beneficiary on the account
(C) Leave the account to him in her will
(D) Add him as an authorized signer, so the money becomes his when she dies

24) Ravi Menon, who lives in Fairmont, compares three sizes of coffee on the shelf.

Shelf tags: coffee	Price
10-ounce size	$2.46
24-ounce size	$5.18
48-ounce size	$11.71

Which size costs the least per ounce?

(A) The 48-ounce size
(B) The 10-ounce size
(C) The 24-ounce size
(D) All three cost the same per ounce

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

26) A worker whose full retirement age for Social Security is 67 is thinking about claiming benefits at 62. What happens to the monthly benefit if she claims early?

(A) It is reduced until age 67 and then rises to the full amount
(B) It is the same monthly amount, so she simply gets more checks
(C) It is permanently reduced, to about 30% less than her full benefit
(D) It is reduced by a 10% penalty, like an early 401(k) withdrawal

27) Marisol Vega of Elkins, 56, leaves her job this year. She has $80,000 in that employer's 401(k) and $30,000 in a traditional IRA. She wants to take out $15,000 this year and avoid the 10% additional tax on early withdrawals, though regular income tax will apply. Which choice fits the rules?

(A) Withdraw it from the 401(k) at the job she just left, before rolling that money into an IRA
(B) Roll the 401(k) into her IRA first, then withdraw from the IRA
(C) Withdraw it from her traditional IRA, since she is over 55
(D) Wait until age $59\frac{1}{2}$, since no account allows it earlier

28) Tia Brooks of Morgantown has $85 in checking and has not opted in to debit-card overdraft coverage. She tries to buy $110 of groceries with her debit card. What most likely happens?

(A) It goes through, and she pays a $32 overdraft fee
(B) The purchase is declined, with no overdraft fee
(C) The bank moves money from her credit card to cover it
(D) It goes through with no fee, leaving a negative balance

29) A worker can do the same job as a W-2 employee at $20 an hour or as an independent contractor paid $21 an hour on a Form 1099. Why might the $21 contractor rate leave the worker with less?

(A) A contractor's pay is automatically taxed at a higher income-tax bracket
(B) The client withholds extra federal income tax from a contractor's pay
(C) A contractor pays both the employee and employer shares of Social Security and Medicare and usually gets no employer benefits
(D) A contractor may not deduct any business expenses from the pay received

30) A savings account advertises "6.00% APY!" The fine print says the 6.00% applies only to the first $1,000 of the balance, and any amount above that earns 0.50% APY. A saver has $8,000 to deposit and could instead use a high-yield savings account paying 3.50% APY on the whole balance. Over one year, which account pays more, and by about how much?

(A) The tiered account, by about $200
(B) The high-yield account, by about $220
(C) They pay about the same, since the two rates average out
(D) The high-yield account, by about $185

31) Camila Reyes waits tables at a cafe in West Virginia and is paid the state minimum wage of $8.75 an hour. Last week Camila worked 22 hours and reported $271.50 in tips. What were the gross earnings for the week?

(A) $328.25
(B) $192.50
(C) $464.00
(D) $271.50

32) Which of these is the clearest early sign of identity theft?

(A) A bill or collection notice for an account you never opened
(B) A small drop in your credit score after a car loan application
(C) A replacement card arriving shortly before your old card expires
(D) A credit card offer arriving in the mail

33) A student spends about $120 a week on groceries. He wants a monthly grocery budget that covers the whole year without coming up short. About how much should he budget each month?

(A) $520
(B) $480
(C) $600
(D) $6,240