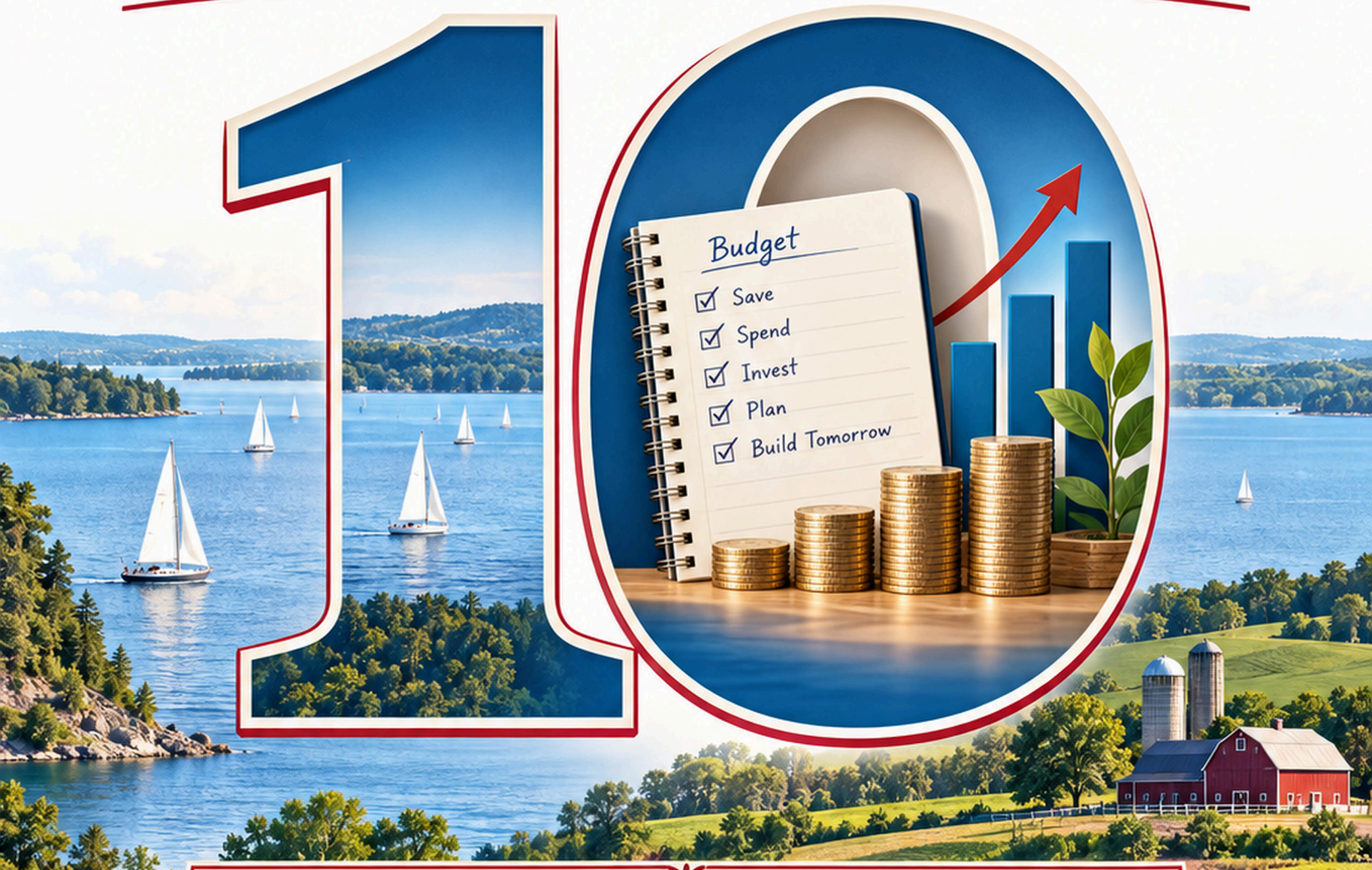
HIGH SCHOOL

WISCONSIN 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 WISCONSIN 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.

Wisconsin facts (2026)

- State income tax: graduated, 3.5% to 7.65%.
- Minimum wage: $7.25 an hour (the federal rate).
- Statewide sales tax 5% (local taxes can add more).
- Minimum auto liability 25/50/10.
- State 529 college savings plan: Edvest.
- A state student-aid program: Wisconsin Grant.
- Residents 67 or older may subtract up to $24,000 of qualified retirement income ($48,000 for certain joint filers).

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 Wisconsin 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

18) Sam Weber of Oshkosh needs his $3,000 in about 14 months and does not want to pay an early withdrawal penalty. His credit union posts these CD rates.

CD term	APY
6 months	3.90%
12 months	4.10%
18 months	4.20%
24 months	4.05%

Which CD earns the most while still maturing before he needs the money?

(A) The 18-month CD
(B) The 24-month CD
(C) The 6-month CD
(D) The 12-month CD

19) Maria Lopez of Kenosha turns down a 6-hour shift that pays $15 an hour to attend a free concert. What is the opportunity cost of attending?

(A) $0, because the concert is free
(B) $15
(C) The $90 of wages she gives up
(D) The cost of a ticket she did not buy

20) Which public program provides health coverage for people 65 and older and certain disabled people?

(A) Medicare
(B) Social Security retirement benefits
(C) Medicaid
(D) Unemployment insurance

21) A card has a balance of $1,150 and a credit limit of $2,500. What is the credit utilization?

(A) 31.5%
(B) 46%
(C) 217.4%
(D) 4.6%

22) Priya Nair buys $1,500 of furniture on a store card advertising "No interest if paid in full within 12 months." The card's regular APR is 29.99%. When the 12 months end, she still owes $100. Under typical deferred-interest terms, what happens next?

(A) Interest is charged back to the purchase date on the full $1,500 purchase
(B) Interest starts only on the remaining $100 from this point forward
(C) No interest is charged because she paid off most of the balance on time
(D) A one-time charge of 29.99% of the $100, or about $30, is added

23) What is the key feature of a balloon loan?

(A) Equal payments that pay the loan off completely by the end
(B) A large down payment followed by smaller regular payments
(C) Smaller regular payments followed by one large final payment
(D) Payments that rise a little every year until the loan is paid off

24) A $2 lottery ticket has a 1 in 1,000 chance of winning $500 and no other prize. What is the ticket's expected value?

(A) $2.00
(B) $0.50
(C) −$1.50
(D) $498

25) A traveler notices that the price of the same hotel room for the same weekend changes from day to day on a booking site. Given that prices are set by demand, which approach makes the most sense?

(A) Wait until the night before, because unsold rooms are always marked down
(B) Book a rate with free cancellation when the price fits the budget, then keep checking and rebook if it drops
(C) Book immediately at any price, because demand-based prices only go up
(D) Treat the first price seen as fixed, since sites must charge everyone the same rate

26) Thabo Molefe is offered a $69.00 protection plan on a snowblower costing $860.00. About 8% of these machines need the covered repair within the plan's term, and that repair costs $395.00. What is the expected cost of the repair without the plan?

(A) $68.80
(B) $31.60
(C) $395.00
(D) $69.00

27) Theo's credit card statement includes this minimum payment warning.

If you pay each month	You will pay off the balance in	Estimated total paid
Only the minimum payment	about 12 years	$7,380
$165	3 years	$5,940

What does paying $165 a month save?

(A) About $1,440 and 3 years
(B) About $1,440 and 9 years
(C) About $5,940 and 9 years
(D) Nothing in total, only 9 years

28) Evan Moore of Janesville takes home about $12 for each hour he works. He wants a $180 jacket. How many hours of work does the jacket cost him?

(A) 15 hours
(B) 12 hours
(C) 180 hours
(D) 1.5 hours

29) Camila Reyes is a surgical resident whose wages year to date are $180,700. The next semimonthly check is $8,600.00 of gross pay. Using the reference figures for 2026, what is the Social Security withholding on that check?

(A) $657.90
(B) $533.20
(C) $124.70
(D) $235.60

30) Twins in Appleton each get $1,000 from their grandparents. Ella puts hers toward college, and Ethan buys a gaming computer. What best explains the different choices?

(A) One of them must have more income
(B) Prices were different for each twin
(C) Their values and goals are different
(D) Only one of them made a financial decision

31) A man at a community event in Racine offers to manage Luis's savings and says he is a licensed investment adviser. What is the best free way for Luis to check that claim?

(A) Ask the man to show a business card
(B) Trust him if he has many social media followers
(C) Invest a small amount first to see what happens
(D) Look him up on FINRA BrokerCheck or with the Wisconsin Division of Securities

32) Imani is in a minor car crash with no injuries. Which action best protects her ability to file a smooth insurance claim?

(A) Photograph the scene, exchange insurance information, and report the claim promptly
(B) Wait several weeks to get repair estimates before contacting her insurer
(C) Agree to pay the other driver cash and never tell her insurer
(D) Leave without exchanging details because the damage looks small

33) Chloe Adams of Eau Claire slides on ice and hits a guardrail, damaging her own car. No one else is involved. Which part of her auto policy pays for her car's repair, after the deductible?

(A) Collision coverage
(B) Comprehensive coverage
(C) Property damage liability
(D) Uninsured motorist coverage

34) Eliana Cohen, a Platteville resident, starts a dental hygienist job that pays every Friday. How many paychecks is that in a full year?

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

35) Hana Sato of Green Bay expects to stay at her next job exactly 2 years and will always contribute enough to get the full match. Offer A pays $50,000 with a 3% match that vests immediately. Offer B pays $51,000 with a 6% match that vests only after 3 years of service. Counting salary plus match money she gets to keep, how do the offers compare over her 2 years?

(A) Offer B comes out $5,120 ahead
(B) Offer B comes out $2,000 ahead
(C) Offer A comes out $3,000 ahead
(D) Offer A comes out $1,000 ahead