

Name:

Date:

Teacher:

School:

It's the amount an insurance company charges for insurance based on a given rate.

- A) Base
- B) Premium
- C) Fee
- D) Dues

It's how an insurance company determines the risk to insure something or someone and at the same time determines how much to charge.

- A) Underwriting
- B) Assessment
- C) Appraisal
- D) Estimate

This U.S. government debt security, featuring a fixed interest rate, has a maturity date between one and ten years.

- A) Treasury stock
- B) Treasury bill
- C) Treasury note
- D) Treasury bond

China could best be described as having this type of economy.

- A) Traditional economy
- B) Mixed economy
- C) Command economy
- D) Market economy

The prices of farm products in a competitive market are determined by:

- A) Supply and demand
- B) Municipal governments
- C) Federal government
- D) Farmers

What happens to the interest rate the longer you extend the loan on an automobile?

- A) The rate increases
- B) The rate stays the same
- C) The rate decreases
- D) The rate is insignificant

It's a quantitative measure of the volatility of a given stock, mutual fund, or portfolio, relative to the overall market.

- A) Alpha
- B) Sigma
- C) Omega
- D) Beta

It's the annual rate of return on an investment, expressed as a percentage.

- A) Dividend
- B) Interest
- C) Yield
- D) Par value

Which of the following refers to the study of the economic behavior of individual units of an economy such as a person, household, firm, or industry?

- A) Supply side economics
- B) Microeconomics
- C) Macroeconomics
- D) Behavioral economics

This type of mortgage, which greatly contributed to the U.S. financial crisis in 2008, is granted to a borrower with less-than-perfect credit.

- A) Reverse mortgage
- B) Subprime mortgage
- C) Assumable mortgage
- D) Balloon mortgage

Today's workers have to assume more responsibility for their retirement than in the past. Which of the following is not a form of retirement investment?

- A. 401k
- B. 403a
- C. 403b
- D. 501c

What is the economic term used for two consecutive quarters of declining real gross domestic product?

- A) Deflation
- B) Inflation
- C) Stagflation
- D) Recession

Stocks that tend to remain stable and pay dividends, even during periods of economic decline, are called:

- A) Cyclical stocks
- B) Preferred stock
- C) Penny stocks
- D) Defensive stocks

Who is the current United States Secretary of the Treasury?

- A) Timothy Geithner
- B) Henry Paulson
- C) Ben Bernanke
- D) Paul Volcker

What is the term for a company's total revenue less its total costs?

- A) Gross profit
- B) Profit margin
- C) Net profit
- D) Adjusted earnings

Up to what dollar amount does the Federal Deposit Insurance Corporation (FDIC) insure your bank savings?

- A) \$100,000
- B) \$250,000
- C) \$500,000
- D) \$1 million

Which of the following represent an increased level of risk when read from left to right?

- A) Certificate of deposit > stock > mutual fund
- B) Stock > bond fund > certificate of deposit
- C) Certificate of deposit > mutual fund > stock
- D) Mutual fund > real estate > stock

What is the term for a program in which corporations allow investors to use their dividends to purchase additional shares of stock?

- A) Dividend redistribution
- B) Asset allocation
- C) Dollar cost averaging
- D) Dividend reinvestment

If you borrow money at .33% per month, what is the Annual Percentage Rate (APR) for that loan?

- A) 3%
- B) 4%
- C) 5%
- D) 6%

What term describes a mutual fund that charges a sales commission?

- A) Loaded fund
- B) Stock fund
- C) No load fund
- D) Bond fund

You can eliminate risk to both the principal and interest earned with your investment choices by doing the following to your portfolio:

- A) Attain a balance of 50% stocks, 50% bonds
- B) You cannot eliminate risk 100%
- C) Use a market timing strategy
- D) Purchase bond funds with ratings no less than "A"

This is a document related to a new or existing securities offering, intended to provide an investor information that will help him or her decide whether to buy the security or not.

- A) Prospectus
- B) Annual report
- C) Marketing plan
- D) Investment policy statement

It's a professional opinion, usually written, of the market value of property such as a home, business, or other asset.

- A. Audit
- B. Actuary
- C. Assessment
- D. Appraisal

Some of the world's greatest oil reserves are located in Canada. Unfortunately the oil is expensive and time-consuming to extract from the ground. What is this natural resource called?

- A) Black gold
- B) Tar sands
- C) Black dirt
- D) Mud sling

What term describes the original amount of money that a person invests in a stock or bond?

- A) Basis
- B) Capital
- C) Interest
- D) Yield

In Economics, the term *opportunity cost* means:

- A) The increase of a firm's total costs as a result of producing one additional product
- B) The theory that cutting tax rates will increase economic activity and make everyone better off
- C) The theory that government spending, even as far as running up a large deficit, will increase economic activity and make everyone better off
- D) What you are giving up, or choosing not to do, by taking any given course of action

Why can't the federal government just print as much money as it takes to pay off the national debt?

- A) Inflation would result and money would lose its value
- B) Deflation would result and all goods and services would cost less resulting in all employees earning less than a living wage
- C) Most of the national debt is credit card debt that individuals have incurred
- D) This would violate the Rule of 72

A progressive tax is:

- A) A tax where everyone pays the same amount, regardless of income
- B) A tax that only registered Democrats and union members need to pay
- C) A tax where those with higher incomes pay larger amounts
- D) A tax that is based on the sales price of goods and services

When the federal government's expenditures for a year are greater than its revenue for that year, this is referred to as a:

- A. Surplus
- B. Capital gain
- C. Deficit
- D. Dividend

Which of the following investments is most appropriate for an investor who has one year to invest?

- A. Certificate of Deposit
- B. Real Estate
- C. Stock
- D. Mutual Fund

Asset Builders of America, Inc. FICB Pre-Test

Notes:

