ACRES – Unit 4 Test – Financial Literacy

Matching. Match each term with the correct definition. Write the corresponding letter on the line provided. [3 points each; 30 points total]

_____ 1. balanced budget  
_____ 2. fixed expenses  
_____ 3. want  
_____ 4. need  
_____ 5. interest  
_____ 6. savings account  
_____ 7. checking account  
_____ 8. register  
_____ 9. money order  
_____ 10. installment buying

a. fee charged for the use of a person’s or a bank’s money; it is added to loan payments and bank accounts
b. used to send money or pay a bill; it is bought with cash and acts like a check
c. bills whose amounts do not change from month to month
d. used to keep your money safe in a bank and to pay bills from
e. what you have when you earn more money than you spend
f. something you must have to live
g. a small book you use to keep track of money deposits and withdrawals
h. purchasing something and paying for it over time, in small amounts of money
i. used to keep your money safe in a bank; it can earn you interest
j. something you desire, but don’t really need to live
Short Answer. Write a short answer in complete sentences to each of the following questions. [10 points each; 50 points total]

11. How does a budget help you manage your money?
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

12. Debit cards and credit cards are used to pay for things without using cash. How is a debit card different from a credit card?
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

13. What is the danger in using a credit card?
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

14. List three questions to ask when applying for a loan.
   a. __________________________________________________________________
   b. __________________________________________________________________
   c. __________________________________________________________________

15. What is the biggest problem with using rent-to-own stores?
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
**Vocabulary.** You have a job and can save a little money from each paycheck. Choose from the following terms to answer each of the questions below. You may use any of the terms more than once. **[2 points each; 20 points total]**

<table>
<thead>
<tr>
<th>cash</th>
<th>check</th>
<th>money order</th>
<th>debit card</th>
</tr>
</thead>
<tbody>
<tr>
<td>credit card</td>
<td>loan</td>
<td>layaway</td>
<td>rent-to-own</td>
</tr>
</tbody>
</table>

What form of payment would you use:

16. to buy gasoline? ________________________________

17. to buy furniture? ______________________________

18. when you want to get a new phone? __________________

19. to buy a car? _________________________________

20. when your mother, who lives far away, needs money to pay her bills? ________________________________

21. to pay your electric bill? _______________________

22. to buy groceries? ______________________________

23. when your car needs new brakes? __________________

24. to buy a TV as a birthday gift for someone? _________________

25. to buy a house? __________________________________

☞ End of ACRES Unit 4 Financial Literacy Test ☞
ACRES Financial Literacy
Unit 4 Test Answer Key

Total = 100 pts.

Matching
- 3 pts. each; total = 30 pts.
1. e 2. c 3. j 4. f 5. a 6. i 7. d 8. g 9. b 10. h

Short Answer
- 10 pts. each; total = 50 pts.
11. Sample response.
   A budget helps you see how much money you earn compared to how much you spend. Based on that, you can make sure that you don’t spend too much. You can also decide how much money you can save on a regular basis.

12. Sample response.
   A debit card takes money from your checking account right away to pay for your purchase. When you use your credit card, you are promising to pay for the purchase in the future. You will receive a bill for the amount you have charged.

13. Sample response.
   It is easy to use a credit card to buy too many things. They may be things that you want rather than need. Buying like this can result in huge debt. Then, you have a bill that may take months or years to pay off.
14. **Sample responses.**
   a. How much will my monthly payments be?
   b. What is the interest rate?
   c. How long will it take to pay back the loan?

15. **Sample response.**
   By the time you make all the rental payments for the item, you have paid at least twice its original price.

**Vocabulary**

2 pts. each; total of 20 pts.

Possible answers.

16. cash, debit card, or credit card
17. loan or layaway
18. cash, check, debit card, or credit card
19. loan
20. money order or check
21. check or money order
22. cash, debit card, or credit card
23. check, debit card, or credit card
24. layaway or credit card
25. loan