

<b>Name</b> _____
<b>Date</b> _____

## 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]**

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|------------------------------|--|
| _____ 1. balanced budget     | a. fee charged for the use of a person's or a bank's money; it is added to loan payments and bank accounts |
| _____ 2. fixed expenses      | b. used to send money or pay a bill; it is bought with cash and acts like a check                          |
| _____ 3. want                | c. bills whose amounts do not change from month to month   |
| _____ 4. need                | d. used to keep your money safe in a bank and to pay bills from  |
| _____ 5. interest            | e. what you have when you earn more money than you spend   |
| _____ 6. savings account     | f. something you must have to live   |
| _____ 7. checking account    | g. a small book you use to keep track of money deposits and withdrawals                                    |
| _____ 8. register            | h. purchasing something and paying for it over time, in small amounts of money                             |
| _____ 9. money order         | i. used to keep your money safe in a bank; it can earn you interest  |
| _____ 10. installment buying | 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?

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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?

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

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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?

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**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]**

cash	check	money order	debit card
credit card	loan	layaway	rent-to-own

**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 | 6. i  |
| 2. c | 7. d  |
| 3. j | 8. g  |
| 4. f | 9. b  |
| 5. a | 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