

Name \_\_\_\_\_

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

**Answer any three of the following five questions. You may earn extra credit by correctly answering additional questions.**

- 1) List four possible tax deductions, and explain the effect that a tax deduction has on taxable income and on income tax due. 1) \_\_\_\_\_
  
- 2) Explain in your own words the difference between comprehensive insurance and collision insurance. 2) \_\_\_\_\_
  
- 3) Describe four factors that determine the premium on an automobile insurance policy. 3) \_\_\_\_\_
  
- 4) Explain how consolidating loans may be of some advantage to the borrower. What disadvantages might there be? 4) \_\_\_\_\_
  
- 5) List four possible consequences for defaulting on a debt. 5) \_\_\_\_\_
  
- 6) Write your memory work and reference below. 6) \_\_\_\_\_

**Solve the problem.**

- 7) The parking lot at a country club has 65 cars in it. 80% of the cars are four-door. How many cars are four-door? 7) \_\_\_\_\_
  
- 8) The Mitchells have saved \$28,300 for a down payment. If a 19% down payment is required, what price house can they buy? Round to the nearest dollar. 8) \_\_\_\_\_
  
- 9) Chuck and Irene went on a 25-mile canoe trip with their class. On the first day they traveled 17 miles. What percent of the total distance was that? 9) \_\_\_\_\_

- 10) The enrollment at a community college is 56% males. If the total enrollment is 3220 students, how many females are enrolled? Round to the nearest whole number. 10) \_\_\_\_\_
- 11) Cruising magazine published 30 freelance articles last year. If freelance articles are 20% of the total articles, how many articles were published? Round to the nearest whole article. 11) \_\_\_\_\_
- 12) A Toshiba P351SX printer priced at \$615 is sold for \$315. What was the percent of price reduction? Round to the nearest tenth of a percent. 12) \_\_\_\_\_

**Find the tax. Use \$3050 for each personal exemption; a standard deduction of \$4750 for single people, \$9500 for married people filing jointly, \$4750 for married people filing separately, and \$7000 for head of a household; and the tax rate schedule.**

**Schedule X—Single**

Over—	But not over—	Tax is —	of the amount over—
\$0	\$7,000	..... 10%	\$0
7,000	28,400	\$700.00 + 15%	7,000
28,400	68,800	3,910.00 + 25%	28,400
68,800	143,500	14,010.00 + 28%	68,800
143,500	311,950	34,926.00 + 33%	143,500
311,950	.....	90,514.50 + 35%	311,950

**Schedule Y-2—Married filing separately**

Over—	But not over—	Tax is —	of the amount over—
\$0	\$7,000	..... 10%	\$0
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28,400	57,325	3,910.00 + 25%	28,400
57,325	87,350	11,141.25 + 28%	57,325
87,350	155,975	19,548.25 + 33%	87,350
155,975	.....	42,194.50 + 35%	155,975

**Schedule Y-1—Married filing jointly or Qualifying Widow(er)**

Over—	But not over—	Tax is —	of the amount over—
\$0	\$14,000	..... 10%	\$0
14,000	56,800	\$1,400.00 + 15%	14,000
56,800	114,650	7,820.00 + 25%	56,800
114,650	174,700	22,282.50 + 28%	114,650
174,700	311,950	39,096.50 + 33%	174,700
311,950	.....	84,389.00 + 35%	311,950

**Schedule Z—Head of Household**

Over—	But not over—	Tax is —	of the amount over—
\$0	\$10,000	..... 10%	\$0
10,000	38,050	\$1,000.00 + 15%	10,000
38,050	98,250	5,207.50 + 25%	38,050
98,250	159,100	20,257.50 + 28%	98,250
159,100	311,950	37,295.50 + 33%	159,100
311,950	.....	87,736.00 + 35%	311,950

- 13) Megan Cortez had an adjusted gross income of \$51,882 last year. She had deductions of \$966 for state income tax, \$576 for property tax, \$3832 in mortgage interest, and \$222 in contributions. Cortez claims one exemption and files as a single person. 13) \_\_\_\_\_

**Find the property tax.**

- 14) A taxpayer's property has a market value of \$83,000. The rate of assessment in the area is 60%. The tax rate is \$2.88 per \$100 of assessed valuation. 14) \_\_\_\_\_

Find the tax refund or tax due. The letter following the name indicates the marital status, and all married people are filing jointly. Assume a 52-week year. Use \$3050 for each personal exemption; a standard deduction of \$4750 for single people, \$9500 for married people filing jointly, \$4750 for married people filing separately, and \$7000 for head of a household; and the tax rate schedule.

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15)	Name	Taxable Income	Federal Income Tax Withheld from Checks	Tax Refund or Tax Due	15)
	The Jacobs, M	\$85,159	\$1388.00 monthly	_____	_____

Determine amount and label as tax due or refund.

**Solve the problem.**

- 16) A driver injures a bicycle rider. The driver has bodily injury limits of 15/30. In court, the injured rider is awarded damages of \$17,000. Find the amount that the insurance company must pay and the amount the insured must pay. (2 answers) 16) \_\_\_\_\_
- 17) The unpaid balance in an account on May 1 was \$169. A purchase of \$41 was made on May 5. A \$55 payment was made on May 21. The finance charge rate was 1.65% per month of the average daily balance. Find the new balance at the end of May. 17) \_\_\_\_\_

Use the composite motor vehicle premium table to find the annual premium.

Uninsured motorist: \$24

Driver's age (no driver's ed): 25 or less, 1.40 factor

Driver's age (with driver's ed): 25 or less, 1.15 factor

Liability Medical		Property Damage		Comprehensive Age Grp Rate*		Collision Age Grp Rate*	
15/30	\$80	\$10,000	\$34	1	\$14	1	\$65
25/50	\$96	\$25,000	\$39	2,3	\$12	2,3	\$56
50/100	\$108	\$50,000	\$46	4,5	\$12	4,5	\$47
100/300	\$123			6	\$10	6	\$38
250/500	\$133			* for symbol 7		* for symbol 7	

18) Operator age: 24

Car age: 4

Driver's ed: yes

Symbol: 7

Liability: 15/30

Property: \$10,000

Uninsured motorist: no

18) \_\_\_\_\_

Find the requested premium. Use a premium factor of .51 for semiannual payments, .26 for quarterly payments, and .0908 for monthly payments. (Note: Subtract 5 years for women.)

**Annual Premium Rate per \$1000 of Life Insurance**

Age	Renewable Term	Whole Life	Universal Life	20-Pay Life
20	2.28	4.07	3.48	12.30
22	2.39	4.37	4.10	13.72
24	2.52	4.68	4.80	15.95
25	2.58	5.06	5.11	16.60
30	2.97	5.66	6.08	18.78
35	3.41	7.68	7.45	21.60
40	4.15	12.67	10.62	24.26

19) Tom Crenna buys a whole life policy at age 25. The policy has a face value of \$85,000. Find the annual premium.

19) \_\_\_\_\_

Find the finance charge and total installment cost of the loan. Round to the nearest cent.

20) Amount financed: \$145

Down payment: \$50

Cash price: \$195

Number of payments: 6

Amount of payment: \$25.13

(two answers)

20) \_\_\_\_\_

Solve the problem using the Rule of 78.

21) The James family wants to save some money in interest by paying off their auto loan 13 months early. The 36-month loan required payments of \$455 per month. The car cost \$18,600 with a down payment of \$6000. How much unearned interest did they save?

21) \_\_\_\_\_

Solve the problem.

APR \ Mos	10	12	18	24	36	48
10	.1043	.0866	.0601	.0462	.0323	.0254
12	.1053	.0877	.0610	.0471	.0332	.0263
14	.1064	.0898	.0620	.0480	.0342	.0273
16	.1074	.0907	.0629	.0490	.0352	.0283
18	.1085	.0918	.0638	.0500	.0362	.0294

- 22) John Thomas bought a new car for \$15,717. He paid 10% down and monthly payments for 3 years at 12%. Find the amount of each monthly payment necessary to amortize the loan and the total amount of interest paid over the 3 years. (2 answers) 22) \_\_\_\_\_

Solve the problem.

- 23) Amortization (Principal and Interest per \$1000) 23) \_\_\_\_\_

Term (Yr)	8%	8-1/4%	8-1/2%	8-3/4%	9%
15	9.56	9.71	9.85	10.00	10.15
20	8.37	8.53	8.68	8.84	9.00
25	7.72	7.89	8.06	8.23	8.40
30	7.34	7.52	7.69	7.87	8.05

Sarah Fields wants to borrow \$137,000 at 9% to buy a house. How much would she save in total costs by going with a 15-year loan over a 25-year loan?