

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## Could Your Financial Strategy Survive? Personal Finance Quiz for College Students

Will high inflation erode your savings? Identify the core principles of liquidity, revolving credit, and long-term capital appreciation.

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**1. Which of the following refers to the ease with which an asset, such as a money market account, can be converted into cash without significant loss of value?**

- A. Solvency
- B. Liquidity
- C. Amortization
- D. Diversification

**2. A steady rise in the general level of prices, which reduces the purchasing power of your money over time, is known as \_\_\_\_.**

- A. Deflation
- B. Stagnation
- C. Inflation
- D. Appreciation

**3. Compound interest allows an individual to earn interest on both the principal amount and the interest already accumulated from previous periods.**

- A. True
- B. False

**4. In the context of the '50/30/20' rule, which category should include a student's mandatory monthly health insurance premiums?**

- A. Wants
- B. Savings
- C. Investments
- D. Needs

**5. When an individual carries a balance on a credit card from month to month, they are participating in a type of \_\_\_\_ credit.**

- A. Installment
- B. Revolving
- C. Service
- D. Secured

**6. A higher deductible on an auto insurance policy typically results in a lower monthly premium payment.**

- A. True

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B. False

**7. Which document is used by employers to determine the correct amount of federal income tax to withhold from an employee's paycheck?**

- A. W-4 Form
- B. W-2 Form
- C. 1040 Form
- D. 1099 Form

**8. The total value of all of an individual's assets (what they own) minus their total liabilities (what they owe) is called their \_\_\_\_\_.**

- A. Gross Income
- B. Net Worth
- C. Credit Limit
- D. Discretionary Income

**9. If an investor purchases a share of a corporation, they have acquired a portion of \_\_\_\_\_ in that company.**

- A. Debt
- B. Liability
- C. Equity
- D. Revenue

**10. A credit score is exclusively used by banks for mortgage approvals and is never reviewed by landlords or employers.**

- A. True
- B. False