

Name: _____ Date: _____

Your Youthful Yields: High-Stakes Finance Quiz for 11th Grade

Analyze complex asset allocations, tax-deferred strategies, and the structural impact of credit utilization on long-term capital growth.

1. An investor in the 32% marginal tax bracket is deciding between a corporate bond yielding 6% and a tax-exempt municipal bond. What is the equivalent tax-free yield of the corporate bond?

- A. 1.92%
- B. 4.08%
- C. 6.00%
- D. 8.82%

2. A strategy that involves periodically buying a fixed dollar amount of a particular investment, regardless of the share price, is known as ____.

- A. Value Averaging
- B. Arbitrage
- C. Dollar-Cost Averaging
- D. Capital Preservation

3. In a standard Roth 401(k), contributions are made with pre-tax dollars, reducing your current taxable income.

- A. True
- B. False

4. Which of the following scenarios would likely result in the highest 'cost of capital' for an individual seeking a loan?

- A. A secured mortgage with a 20% down payment
- B. An unsecured personal loan with a 620 credit score
- C. A subsidized federal student loan
- D. A revolving credit line with a 0% introductory APR

5. The 'Rule of 72' is a simplified way to estimate the time it takes for an investment to double. If an index fund returns 8% annually, it will take approximately ____ years to double.

- A. 7.2
- B. 8.0
- C. 9.0
- D. 12.5

6. When assessing a company's stock, a 'Price-to-Earnings' (P/E) ratio significantly higher than the industry average most likely suggests:

- A. The stock is currently undervalued

Name: _____ Date: _____

- B. The company is facing imminent bankruptcy
- C. Investors expect high future earnings growth
- D. The company has no outstanding debt

7. Increasing the deductible on an insurance policy generally leads to a decrease in the monthly premium cost.

- A. True
- B. False

8. Which of these economic conditions would most likely cause an 'inverse relationship' in bond prices, leading to a decrease in the value of existing bonds?

- A. A decrease in the national unemployment rate
- B. The Federal Reserve raising benchmark interest rates
- C. A period of deflation and shrinking GDP
- D. A surplus in the federal budget

9. When an individual's total liabilities exceed their total assets, they are technically in a state of ____.

- A. Negative Equity
- B. Insolvency
- C. Fiscal Deficit
- D. Liquidity Trap

10. The Credit Utilization Ratio, which affects 30% of a FICO score, is calculated by dividing total credit used by the total credit available.

- A. True
- B. False