

d. II and III, only.

Question 2: What is the implication of a rise in consumer spending accompanied by rising personal debt levels?

(0.5 Point)

- a. A drop in consumer prices.
- b. A rise in the value of the Canadian dollar.
- c. A drop in future economic activity.
- d. A rise in interest rates.

Question 3: Of the eight major personal financial planning areas, which is devoted to ensuring you have adequate insurance coverage?

(0.5 Point)

- a. Investing.
- b. Managing risk.
- c. Estate planning.
- d. Borrowing.

Chapter 2

Question 4: Where should you keep the original of your birth certificate?

(0.5 Point)

- a. Home filing cabinet.
- b. Scanned into a personal computer system.
- c. Scanned onto a storage device, such as a USB plug.
- d. Safety deposit box.

Question 5: Yassim's net worth is \$50,000, total assets equal \$178,000 and long-term liabilities are \$100,000. What are his short-term liabilities?

(0.5 Point)

- a. \$78,000
- b. \$28,000
- c. \$50,000
- d. \$128,000

Question 6: Given the following, what is the current ratio?

(0.5 Point)

Total liabilities	\$60,000	Long-term liabilities	\$40,000
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Liquid assets	\$5,000	Monthly expenses	\$2,500
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- a. 0.080
- b. 2.000
- c. 0.250
- d. 0.125

Question 7: What is this individual's cash flow surplus or deficit?

(0.5 Point)

Item	Annual Amount
Gross salary	\$50,000

Taxes and benefit payments deducted at source	\$18,000
Variable expenses	\$20,000
Payroll savings	\$1,560
Fixed expenses	\$10,000

- a. -\$440
- b. -\$1,440
- c. \$1,440
- d. \$440

Question 8: Financial planners recommend a savings rate that represents what percent of gross income?

(0.5 Point)

- a. 15%
- b. 5%
- c. 20%
- d. 10%

Question 9: Which would be the most difficult to budget?

(0.5 Point)

- a. Employment income.
- b. Savings.
- c. Variable expenses.
- d. Fixed expenses.

Question 10: What is the final step in creating and implementing a budget?

(0.5 Point)

- a. Record spending amounts.
- b. Set financial goals.
- c. Review spending and savings patterns.

d. Budget variable expenses.

Chapter 3

Question 11: Increases in which is of major concern to seniors on a fixed income?

(0.5 Point)

- a. Excise taxes.
- b. Dividend tax.
- c. Property taxes.
- d. Capital gains tax.

Question 12: A couple has two children under 7 years of age and incurs \$15,000 of childcare expenses paid to an individual caregiver. The father earns \$50,000 a year and the mother earns \$55,000 a year. Which statement is true?

(0.5 Point)

- a. She can deduct the full cost - he cannot deduct anything.
- b. Only childcare costs incurred at a registered daycare are tax deductible.

- c. Each can deduct 1/2 of the total cost of childcare.
- d. He can deduct the full cost - she cannot deduct anything.

Question 13: Which can be subtracted from the amount of federal tax owing?

(0.5 Point)

- a. Child care and moving expense deductions.
- b. Non-refundable tax credits.
- c. Capital gains deduction.
- d. Business expenses.

Question 14: For which type of loan might the interest be tax-deductible?

(0.5 Point)

- a. Mortgage.
- b. RRSP.
- c. Line of credit.
- d. Investment loan.

Question 15: Under which category would we include income from a sole proprietorship?

(0.5 Point)

- a. Net business income.
- b. Taxable capital gains.
- c. Investment income.
- d. Employment income.

Question 16: Your total income is \$75,000. This includes \$2,000 of capital gains. Given the following, what is your taxable income?

(0.5 Point)

RRSP contributions	\$5,000
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Medical expenses	\$2,000
Unused capital losses of prior years	\$2,000

- a. \$66,000
- b. \$65,000
- c. \$68,000
- d. \$67,000

Question 17: At what minimum rate must a loan between spouses be made in order to circumvent the attribution rules with respect to investment income?

(0.5 Point)

- a. Bank 1-year deposit rate.
- b. CRA prescribed rate.
- c. Bank prime rate.
- d. Bank of Canada rate.

Question 18: Which is not a Registered Pension Plan (i.e. formally recognized corporate plan)?

(0.5 Point)

- a. Defined benefit.
- b. Individual pension plan.
- c. Defined contribution.
- d. RRSP.

Question 19: Which is a tax deferral technique?

(0.5 Point)

- a. Ensuring a portfolio is tax efficient.
- b. Contributing to an RRSP.
- c. Splitting eligible pension income between spouses.
- d. Claiming all eligible deductions and credits.

Question 20: Chen borrowed \$20,000 under the LifeLong Learning Plan. He graduated in 2010. How much must he repay every year under the Plan?

(0.5 Point)

- a. \$2,500
- b. \$1,000
- c. \$2,000
- d. \$1,500

Chapter 5

Question 21: In the calculation of the monthly car lease payment, which statement is true?

(0.5 Point)

- a. The calculation assumes a beginning of period annuity.
- b. The calculation assumes a zero residual value.
- c. The calculation assumes that sales taxes are added up-front.
- d. The calculation assumes a zero down payment.

Question 22: Which can be considered an advantage of using credit?

(0.5 Point)

- I. You can buy more goods and services.
- II. Wise use of credit indicates stability.
- III. It's safer - you don't have to carry cash.
- IV. Shopping convenience.

a. I, II, III and IV.

b. II, III and IV, only.

c. I and III, only.

d. II and IV, only.

Question 23: Which is likely to be poorly viewed by creditors?

(0.5 Point)

- a. Prior use of credit.
- b. Frequent address changes.
- c. The existence of collateral.
- d. Long service with the same employer.

Question 24: Who regularly provides data to credit bureaus?

(0.5 Point)

- I. Banks
- II. Employers
- III. Credit card companies.
- IV. Merchants.

a. I, III and IV, only.

b. I and IV, only.

c. I, II and IV, only.

d. I, II, III and IV.

Question 25: What is the best way to maintain your good credit standing?

(0.5 Point)

- a. Always have a co-signer for a credit card.
- b. Repay your debts on time.
- c. Apply for as many credit cards as possible.
- d. Avoid the use of debt completely.

Chapter 6

Question 26: What is the maximum annual lending rate that a lender in Canada can charge?

(0.5 Point)

- a. 60%
- b. 10%
- c. 30%
- d. 50%

Question 27:

Your credit card company charges interest based on the average daily balance method excluding new purchases. Given the following, what was your average daily balance? Base your calculations on a 30-day month.

(0.5 Point)

Monthly rate	1.5%
APR	18%
Previous balance	\$400
New purchases on the 18th day	\$50
Payment on the 15th day	\$300

- a. \$300
- b. \$250
- c. \$270
- d. \$330

Question 28:

Given the following, which method of calculating credit card interest is most costly?

(0.5 Point)

Monthly rate	1.5%
APR	18%
Previous balance	\$400
New purchases on the 18th day	\$50
Payment on the 15th day	\$300

- a. Average daily balance including new purchases.
- b. Adjusted balance.
- c. Previous balance.
- d. Average daily balance excluding new purchases.

Question 29:

You pay your credit card balance in full every month. Which credit card feature would be most beneficial to you?

(0.5 Point)

- a. A low annual fee.
- b. A low grace period.
- c. A low interest rate.
- d. A low over-credit-limit fee.

Question 30: What are the two basic components of credit counselling?

(0.5 Point)

- I. Helping families draw up personal financial statements.
- II. Helping families manage their money better.
- III. Helping families prevent further debt problems.
- IV. Helping families to find better sources of income.

- a. I and IV, only.
- b. I and III, only.
- c. III and IV, only.
- d. II and III, only.

