Personal Finance (Canadian) 8th edition Kapoor Test Bank

SKU: 9781260326956-TEST-BANK

Personal Finance 8ce Edition by Kapoor Ch01

Correct answers are located in the second half of this document.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Analyzing your current financial position is a part of the first stage of the financial planning process.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Easy

2) Risks associated with most financial decisions are fairly easy to measure.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

3) The financial planning process is complete once you implement your financial plan.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

4) Intermediate goals are usually achieved within the next year or so.

- ◎ true
- ◎ false

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

5) Planning to buy a car is an example of a durable product goal.

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

6) Household size is a major influence on personal financial planning decisions.

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

7) Increased demand for a product or service will usually result in lower prices for the item.

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

8) Lenders benefit less than borrowers in times of high inflation.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

9) When prices are increasing at a rate of 6 percent, the cost of products would double in about 12 years.

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

10) A decrease in the demand for a product or service may result in a decrease in wages for people producing that item.

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

11) Higher inflation usually results in lower interest rates.

◎ true
◎ false

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

12) Opportunity costs refer to time, money, and other resources that are given up when a decision is made.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

13) Time value of money refers to changes in consumer spending when inflation occurs.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

14) Gross domestic product (GDP) can be described as the difference between a country's exports and its imports.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

Personal Finance (Canadian) 8th edition Kapoor Test Bank

15) Present value is also referred to as compounding.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

16) Liquidity is the ability to convert financial resources into usable cash with ease.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

17) A financial plan is also known and referred to as a budget.

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

18) Opportunity costs refer to financial resources sacrificed in order to make a current purchase.

- ◎ true
- ◎ false

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Easy

19) Risks associated with most financial decisions are difficult to measure.

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

20) Present value computations are also called discounting.

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

21) Personal financial planning has the main goal of:

A) Savings and investing for future needs.
B) Reducing a person's tax liability.
C) Managing money to achieve personal economic satisfaction.
D) Spending to achieve financial objectives.
E) Savings, spending, and borrowing based on current needs.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

22) The first step of the financial planning process is to

A) develop financial goals.
B) implement the financial plan.
C) determine your current personal and financial situation.
D) evaluate and revise your actions.
E) create a financial plan of action.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Easy

23) Opportunity cost refers to:

A) money needed for major consumer purchases.
B) the trade-off of a decision.
C) the amount paid for taxes when a purchase is made.
D) current interest rates.
E) evaluating different alternatives for financial decisions.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

24) Increased consumer spending will usually cause:

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) lower consumer prices.
B) reduced employment levels.
C) lower tax revenues.
D) lower interest rates.
E) higher employment levels.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

25) The uncertainty associated with decision making is referred to as:

A) opportunity cost.
B) selection of alternatives.
C) financial goals.
D) personal values.
E) risk.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Easy

26) Some savings and investment choices have the potential for higher earnings. However, these may also be difficult to convert to cash when you need the funds. This problem refers to:

A) Inflation risk
B) Interest rate risk
C) Income risk
D) Personal risk
E) Liquidity risk

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

27) Which of the following is not a source of financial planning?

A) Bankers
B) Accountants
C) University Professors
D) Lawyers
E) Insurance Agents

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

28) Which one of the following is not an economic and product risk?

A) Interest rates
B) Inflation
C) Health
D) Liquidity
E) Commodities

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

29) Which one the following is a personal risk

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) Interest rates
B) Assets
C) Inflation
D) Liquidity
E) Product

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

30) Changes in income, values, and family situation make it necessary to:

A) develop financial goals
B) implement the financial plan.
C) evaluate and revise your actions.
D) analyze your current personal and financial situation.
E) create a financial plan of action.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Easy

31) As Jeanne Taillefer plans to set aside funds for her young children's college education, she is setting a(n) _____ goal.

A) intermediate
B) short term
C) long-term
D) intangible
E) durable

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

32) _____ goals relate to personal relationships, health, and education.

A) Short-term
B) Intangible-purchase
C) Consumable-product
D) Durable-product
E) Intermediate

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

33) Brad Opper has a goal of "saving $50 a month for vacation." Brad's goal lacks

A) measurable terms.
B) a realistic perspective.
C) specific actions.
D) a tangible end.
E) a time frame.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

34) Afton has a goal of "saving $5,000 for a vacation in 3 years." Afton's goal lacks

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) measurable terms.
B) a realistic perspective.
C) specific actions.
D) a tangible end.
E) a time frame.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

35) Which of the following goals would be the easiest to implement and measure its accomplishment?

A) "Reduce our debt payments."
B) "Save funds for an annual vacation."
C) "Save $100 a month to create a $4,000 emergency fund."
D) "Clear credit card debt
E) "Invest $2,000 a year for retirement."

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

36) An example of a durable good is:

A) Stove
B) Therapy
C) Food
D) Books
E) Bank Account

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

37) Your life situation is affected by which of the following?

A) Buying a car
B) Vacations
C) Getting a raise at work
D) Divorce
E) Grades

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

38) Your life situation is affected by which of the following?

A) Buying a car
B) Vacations
C) Getting a raise at work
D) Engagement and marriage
E) Grades

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

39) Your life situation is affected by which of the following?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) Buying a car
B) Vacations
C) Getting a raise at work
D) Graduation
E) Grades

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

40) Your life situation is affected by which of the following?

A) Buying a car
B) Vacations
C) Getting a raise at work
D) Changes in health
E) Grades

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

41) Your life situation is affected by which of the following?

A) Buying a car
B) Vacations
C) Getting a raise at work
D) Retirement
E) Grades

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

42) Life situation Young Single 18-35 What are your specialized financial activities?

A) Consider home purchase.
B) Obtain adequate amounts of health, life, and disability insurances.
C) Consider tax-deferred contributions to retirement fund.
D) Consolidate financial assets
E) Consider income splitting

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals
Difficulty : Hard

43) In the middle years (mid 30s to 50s) your financial focus will likely be on

A) Creating an Emergency Fund.
B) Saving for a down payment for a home purchase.
C) Purchasing life insurance.
D) Building Wealth.
E) Providing adequate retirement funds.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

44) One of the ways our society has changed in the last 20 years is

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) People are getting married at a younger age.
B) People are living longer.
C) Canadians aged 45-64 no longer care for their aging parents.
D) Fewer households have two incomes.
E) People with children have to work more hours in response to increased demands.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

45) Which of the following personal factors DOES NOT influence your spending and savings patterns?

A) Number of people in your household.
B) Your age.
C) Your interest rate on your savings account.
D) Your personal beliefs.
E) Your income.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals
Difficulty : Hard

46) Your life situation is changed by

A) A promotion at your existing employment.
B) A stock market crash.
C) An interest rate increase.
D) Dependent children remaining at home.
E) Seasonal changes in the year.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals
Difficulty : Hard

47) Life situation Older 50 single. What are your specialized financial activities?

A) Review will and estate plan.
B) Obtain adequate amounts of health, life, and disability insurances.
C) Consider tax-deferred contributions to retirement fund.
D) Consolidate financial assets
E) Consider income splitting

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals
Difficulty : Hard

48) An specialized financial activity that single parent with young children might have is

A) To obtain adequate amounts of health, life and disability insurances.
B) To minimize purchases on credit.
C) To implement a plan for retirement goals.
D) To consolidate financial assets.
E) To consider income splitting.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

49) Higher prices are likely to result from:

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) increased spending by consumers.
B) increased production by business.
C) lower interest rates.
D) lower demand by consumers
E) an increase in the supply of a product.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

50) Who is *most likely* to benefit by inflation?

A) retired people
B) lenders
C) borrowers
D) low-income consumers
E) government

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

51) Higher consumer prices are likely to be accompanied by:

A) lower union wages.
B) lower interest rates.
C) lower production costs.
D) higher interest rates.
E) higher exports.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

52) Increased consumer spending will usually cause:

A) lower consumer prices.
B) reduced employment levels.
C) lower tax revenues.
D) higher employment levels.
E) lower interest rates.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

53) Higher interest rates can be caused by:

A) a lower money supply.
B) an increase in the money supply.
C) a decrease in consumer borrowing.
D) lower government spending.
E) increased saving and investing by consumers.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

54) The changing cost of money is referred to as _____ risk.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) interest-rate
B) inflation
C) economic
D) trade-off
E) personal

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

55) A *risk premium* associated with interest rates refers to:

A) higher earnings due to uncertainty.
B) lower consumer prices.
C) the opportunity cost of borrowing
D) the amortization period of your loan
E) expected lower inflation.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

56) Economic Factor: Consumer prices measures?

A) The value of the dollar; changes in inflation
B) The demand for goods and services by individuals and households
C) The cost of money; the cost of credit when you borrow; the return on your money when you save or invest
D) The dollars available for spending in our economy
E) The number of people without employment who are willing and able to work

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

57) Economic Factor: Consumer spending measures?

A) The value of the dollar; changes in inflation
B) The demand for goods and services by individuals and households
C) The cost of money; the cost of credit when you borrow; the return on your money when you save or invest
D) The dollars available for spending in our economy
E) The number of people without employment who are willing and able to work

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

58) Economic Factor: interest rates measures?

A) The value of the dollar; changes in inflation
B) The demand for goods and services by individuals and households
C) The cost of money; the cost of credit when you borrow; the return on your money when you save or invest
D) The dollars available for spending in our economy
E) The number of people without employment who are willing and able to work

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

Personal Finance (Canadian) 8th edition Kapoor Test Bank

59) Economic Factor: Money supply measures?

A) The value of the dollar; changes in inflation
B) The demand for goods and services by individuals and households
C) The cost of money; the cost of credit when you borrow; the return on your money when you save or invest
D) The dollars available for spending in our economy
E) The number of people without employment who are willing and able to work

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

60) Economic Factor: Housing starts measures?

A) The value of the dollar; changes in inflation
B) The demand for goods and services by individuals and households
C) The cost of money; the cost of credit when you borrow; the return on your money when you save or invest
D) The dollars available for spending in our economy
E) The number of new homes being built

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

61) Economic Factor: Gross domestic product measures?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) The total value of goods and services produced within a country's borders, including items produced with foreign resources

B) The demand for goods and services by individuals and households

C) The cost of money; the cost of credit when you borrow; the return on your money when you save or invest

D) The dollars available for spending in our economy

E) The number of people without employment who are willing and able to work

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

62) Economic Factor: Unemployment rate measures?

A) The total value of goods and services produced within a country's borders, including items produced with foreign resources

B) The demand for goods and services by individuals and households

C) The cost of money; the cost of credit when you borrow; the return on your money when you save or invest

D) The dollars available for spending in our economy

E) The number of people without employment who are willing and able to work

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

63) Economic Factor: Trade balance measures?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) The total value of goods and services produced within a country's borders, including items produced with foreign resources

B) The difference between a country's exports and its imports

C) The cost of money; the cost of credit when you borrow; the return on your money when you save or invest

D) The dollars available for spending in our economy

E) The number of people without employment who are willing and able to work

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

64) If you have $100 in savings and deposit $500 at the end of year 1, add $750 at the end of year and add $1000 at the end of year 3, how much will you have in total if the interest rate in year 1 was 4%, year 2 was 5% and year 3 was 6% (all compounded annually) (round your answer)

A) $2,350.
B) $2,367
C) $2,376
D) $2,450
E) $2467

Question Details
Accessibility : Keyboard Navigation
Difficulty : Hard
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

65) The stages that an individual goes through based on age, financial needs, and family situation is called the:

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) adult life cycle.
B) budgeting procedure.
C) personal economic cycle.
D) financial planning process
E) tax planning process.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

66) You have been putting $200 per month into a savings account for the last 4 years. The current balance is $10,602. If the account compounds interest monthly, what rate of return have you earned? (Round your answer)

A) 5%
B) 5.3%
C) 6%
D) 6.7%
E) 28%

Question Details
Accessibility : Keyboard Navigation
Difficulty : Hard
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

67) The main economic influence that determines prices is:

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) the stock market.
B) supply and demand.
C) employment.
D) government spending.
E) interest rates

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

68) Reduced funds available for investment in our economy could result from

A) expanded savings by consumers.
B) higher imports than exports.
C) reduced spending for consumer goods.
D) higher exports than imports.
E) higher opportunity costs.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

69) Which of the following would cause prices to drop?

A) a demand for higher wages
B) increased production by business
C) increased taxes on business
D) a reduction in the money supply
E) high levels of demand by customers

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces
Difficulty : Hard

70) An example of a *personal* opportunity cost would be:

A) lost wages due to continuing as a full time student
B) higher earnings on savings that must be kept on deposit a minimum of six months.
C) time comparing several brands of personal computers
D) Interest lost by using savings to make a purchase
E) having to pay a tax penalty due to not having enough withheld from your monthly salary.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

71) The time value of money refers to:

A) personal opportunity costs such as time lost on an activity.
B) financial decisions that require borrowing funds from a financial institution.
C) changes in interest rates due to changes in the supply and demand for money in our economy.
D) increases in an amount of money as a result of interest.
E) changing demographic trends in our society.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

Personal Finance (Canadian) 8th edition Kapoor Test Bank

72) The amount of simple interest is determined by multiplying the amount in savings by the:

A) annual interest rate.
B) time period.
C) number of months in a year.
D) time period and number of months.
E) annual interest rate and the time period.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

73) What is the future value of $20,000 received today, if it is invested at 6% compounded annually for the next six years?

A) $7,200
B) $27,200
C) $28,370
D) $32,772
E) $35,817

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

74) What is the future value of $30,000 received today, after 10 years if it is invested at 7% compounded annually for the next seven years and 5%, compounded annually for the remaining three years?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) $81,744
B) $71,000
C) $62,772
D) $54,567
E) $55,767

Question Details
Accessibility : Keyboard Navigation
Difficulty : Hard
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

75) What is the future value of $80,000 received today, after 14 years if it is invested at 8% compounded annually for the next five years and 3%, compounded annually for the remaining nine years?

A) $171,022
B) $158,098
C) $144,772
D) $134,567
E) $153,371

Question Details
Accessibility : Keyboard Navigation
Difficulty : Hard
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

76) If a person deposited $10,000 earning 9 percent for 11 years, this would involve what type of computation?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) simple interest
B) future value of a single amount
C) future value of a series of deposits
D) present value of a single amount
E) present value of a series of deposits

Question Details
Accessibility : Keyboard Navigation
Difficulty : Hard
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

77) If a person deposited $100 a month for 5 years earning 9 percent, this would involve what type of computation?

A) simple interest
B) future value of a single amount
C) future value of a series of deposits
D) present value of a single amount
E) present value of a series of deposits

Question Details
Accessibility : Keyboard Navigation
Difficulty : Hard
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

78) Which type of computation would a person use to determine current value of a desired amount for the future?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) simple interest
B) future value of a single amount
C) future value of a series of deposits
D) present value of a single amount
E) present value of a series of deposits

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

79) Future value calculations consider:

A) compounding.
B) add-on interest.
C) discounting
D) simple interest.
E) an annuity.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

80) If you put $1,000 in a saving account and make no further deposits, what type of calculation would provide you with the value of the account in 20 years?

A) future value of a single amount
B) simple interest
C) present value of a single amount
D) present value of a series of deposits
E) future value of a series of deposits

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

81) An individual invests $10,000 at a rate of 5% per annum. What will be its value in 10 years' time?

A) $15,000
B) $15,853
C) $16,289
D) $18,000
E) $19,000

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

82) An individual invests $9,000 at a rate of 6% per annum. What will be its value in 11 years' time?

A) $15,000
B) $15,853
C) $16,289
D) $18,000
E) $17,085

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

Personal Finance (Canadian) 8th edition Kapoor Test Bank

83) An individual invests $12,000 at a rate of 4% per annum. What will be its value in 9 years' time?

A) $15,000
B) $15,853
C) $16,289
D) $18,000
E) $17,080

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

84) A major activity in the planning component of financial planning is

A) selecting insurance coverage.
B) evaluating investment alternatives.
C) gaining occupational training and experience.
D) allocating current resources for spending.
E) establishing a line of credit.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

85) Liquidity refers to

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) the earnings on savings.
B) the risk of an investment.
C) the ease of converting a financial resource into cash.
D) the amount of insurance coverage a person has.
E) a person's inability to pay his or her debts.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

86) The problem of bankruptcy is associated with poor decisions in the _____ component of financial planning.

A) financial goals
B) saving
C) planning
D) restructuring debt
E) liquidity

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

87) A question associated with the saving component of financial planning is:

A) Is your will current?
B) Do you have an adequate emergency fund?
C) Is your investment program appropriate to your income and tax situation?
D) Do you have a realistic budget for your current financial situation?
E) Are your transportation expenses minimized through careful planning?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

88) When an individual makes a purchase without considering the financial consequences of that purchase, they are ignoring the _____ aspect of financial planning.

A) Borrowing
B) Risk Management
C) Spending
D) Retirement and Estate Planning
E) Obtaining

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

89) The major function of a financial plan is to:

A) reduce taxes.
B) increase savings.
C) achieve financial goals.
D) improve your credit rating.
E) obtain adequate insurance protection.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

Personal Finance (Canadian) 8th edition Kapoor Test Bank

90) Dani Roy wants to travel after she retires as well as pay off the balance of the loan she has on the home that she owns. Which step in the financial planning process does this situation demonstrate?

A) Determining her current financial situation
B) Developing her financial goals
C) Identifying alternative courses of action
D) Evaluating her alternatives
E) Implementing her financial plan

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Medium

91) Which of the following is usually considered a long-term financial strategy?

A) creating a budget
B) using savings to pay off a loan early
C) renting an apartment to save for the purchase of a home
D) investing in a growth mutual fund to accumulate retirement funds
E) purchasing life insurance to cover current needs of dependents

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

92) You wish to accumulate $15,000 within five years. How much would you have to save each year for five years to attain your goal? Assume an annual interest rate of 4%. Savings occur at the end of each year.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) $2,662
B) $2,769
C) $2,905
D) $3,000
E) $3,500

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

93) Your goal is to pay down your student loan in 3 years. The balance today is $9,434. If you are charged a rate of 9%, compounded monthly, what will be your monthly, end-of-period payment?

A) $527
B) $406
C) $300
D) $262
E) $193

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

94) The first step of the financial planning process is to

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) develop financial goals.
B) implement the financial plan.
C) determine your current personal and financial situation.
D) evaluate and revise your actions.
E) create a financial plan of action.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Topic : 01-02 The Financial Planning Process
Difficulty : Easy

95) Decreased consumer spending will usually cause:

A) lower supply.
B) reduced employment levels.
C) lower tax revenues.
D) lower interest rates.
E) higher employment levels.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-13 Market Forces

96) Anne has a goal of "saving some money month for vacation next summer." Anne's goal lacks

A) measurable terms.
B) a realistic perspective.
C) specific actions.
D) a tangible end.
E) a time frame.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

97) You want to get a car loan for $20,000 and pay it off over 4 years. If the rate is 14% compounded monthly, how much would your payments be at the end of each month? (round your answer)

A) $417
B) $475
C) $547
D) $610
E) $675

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

98) Assume that you start a new savings plan of $100 at the end of each week. The funds earn 6% compounded monthly. After exactly one year, you increase the amount you contribute to $150 at the end of each week (still earning 6% compounded monthly). How much would you have saved after 4 years from your initial start date? (Round your answer)

A) $7,377
B) $27,377
C) $28,600
D) $32,027
E) $32,034

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Hard
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

99) Time value of money calculations consider:

A) present value.
B) interest rate.
C) payment
D) time period.
E) all of the above.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

100) An individual invests $5,000 at a rate of 5% per annum. What will be its value in 10 years' time?

A) $7,500
B) $7,927
C) $8,144
D) $9,000
E) $9,542

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

Personal Finance (Canadian) 8th edition Kapoor Test Bank

101) Your goal is to pay down your student loan in 3 years. The balance today is $9,434. If you are charged a rate of 4%, compounded monthly, what will be your monthly, end-of-period payment?

A) $262
B) $406
C) $279
D) $377
E) $300

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

102) Your goal is to accumulate in 4 years $5,000. If you can earn a rate of 4%, compounded monthly, what will be your end of month monthly payment need to be to reach this goal?

A) $96
B) $104
C) $124
D) $262
E) $300

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-18 Personal Opportunity Costs

103) The result of successful financial planning is

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) Outperforming the market in your investment portfolio.
B) Establishing and Maintaining a good credit score.
C) Paying off all of your debt within a reasonable timeframe.
D) Financial and Personal satisfaction.
E) Maintaining your budget and living within your means.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Difficulty : Hard
Topic : 01-01 Overview

104) Which of the following is NOT a specific advantage of personal financial planning?

A) Ensuring your investment return is maximized.
B) Protecting your financial resources.
C) Avoiding bankruptcy.
D) Improving personal relationships.
E) Freedom from financial worries.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Difficulty : Medium
Topic : 01-01 Overview

105) If you regard money as a form of security you are likely to

A) give lavish gifts to friends and family.
B) be a good saver.
C) overspend.
D) take excessive risks with your money.
E) have a lot of outstanding debt.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Difficulty : Easy
Topic : 01-03 Step 1: Develop Your Financial Goals

106) You've always been a good saver, but recently you've decided to start taking more risk in your investments in hopes to achieve higher returns. This is an example of:

A) Continuing the same course of action.
B) Expanding the current situation.
C) Changing the current situation.
D) Taking a new course of action.
E) Enhancing the current course of action.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Difficulty : Medium
Topic : 01-03 Step 1: Develop Your Financial Goals

107) Retailers not honouring their obligations is a _____ risk.

A) Asset
B) Product
C) Purchase
D) Avoidable
E) Inevitable

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Analyze the process for making personal financial decisions.
Difficulty : Medium
Topic : 01-06 Step 4: Evaluate Alternatives

Personal Finance (Canadian) 8th edition Kapoor Test Bank

108) Many Canadians have money problems because

A) Canada is among the poorest countries in the world
B) Canadians have bad habits when it comes to using credit.
C) It is difficult to find help and information on financial planning.
D) Canadians usually have very good management of spending.
E) There is limited product availability of personal wants in Canada.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-09 Developing Personal Financial Goals

109) Which of the following is an example of a long term goal?

A) Saving $40,000 over five years, for a down payment on a home.
B) Paying off a $400,000 mortgage on a home over 25 years.
C) Buying $10,000 worth of furniture for your home with savings from your account.
D) Selling your current home for $600,000 and using the proceeds to purchase another home.
E) Renting out a room in your home for $400/month to a tenant who signed a two year lease.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-10 Factors that Influence Your Financial Goals

110) Which of the following represent an intangible-purchase goal?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) A car owner opts to repair the existing vehicle rather than replace it with a new one.
B) A new home owner waits for a sale before purchasing a new refrigerator.
C) A store employee uses the employee discount to purchase new clothing.
D) A retired couple budget appropriately to pay for their weekly grocery bill.
E) A single parent reduces their work hours to spend more time with the children.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-02 Develop personal financial goals.
Topic : 01-10 Factors that Influence Your Financial Goals

111) If Canada imports more goods Internationally than it exports

A) The amount available for domestic investment will be reduced.
B) More foreign currency will come to Canada than Canadian dollars leaving the country.
C) The domestic money supply would be increased.
D) It could result in a decrease to interest rates.
E) More funds would be available for domestic spending.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Difficulty : Hard
Topic : 01-15 Global Influences

112) Higher interest rates

A) Increase consumer spending.
B) Encourages borrowing.
C) Increase the number of new homes being built.
D) Make saving more attractive.
E) Does not affect the cost of money.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-16 Economic Conditions

113) What is the main cause of inflation?

A) Supply increasing less than demand.
B) Country exporting more than it imports.
C) Decreasing interest rates.
D) Increasing interest rates.
E) A high unemployment rate.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-16 Economic Conditions

114) Who is responsible for maintaining the Canadian Money Supply?

A) The Federal Government.
B) The Provincial Government.
C) The Central Bank.
D) The Minister of Finance.
E) Charter banks, credit unions, insurance companies and investment companies

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Difficulty : Hard
Topic : 01-16 Economic Conditions

115) Which of the following most heavily influence your personal financial decisions?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) The unemployment rate
B) Housing starts
C) GDP (Gross domestic product)
D) Trade balance
E) Consumer spending

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-03 Assess economic factors that influence personal financial planning.
Topic : 01-16 Economic Conditions

116) The opportunity cost of making a large purchase using your credit card is

A) Credit payments from future earnings
B) The annual interest rate charged on your credit card
C) The length of time it takes you to pay off the full balance on your credit card
D) Forgoing purchasing something you consider less desirable
E) The money in your wallet which you could have used instead to purchase the item

Question Details
Accessibility : Keyboard Navigation
Difficulty : Hard
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-19 Financial Opportunity Costs

117) Which of the following is a financial resource?

A) Time required to evaluate different financial decisions.
B) Income generated from investments.
C) Financial knowledge and experience.
D) A comprehensive financial plan.
E) Your health.

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-19 Financial Opportunity Costs

118) What is the opportunity cost of investing in a low risk investment?

A) Inflation.
B) That interest rates may decrease.
C) That interest rates may increase.
D) The higher rate of return on a riskier investment.
E) There is no opportunity cost with a low risk investment.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-19 Financial Opportunity Costs

119) Two friends each invest $1000 at 7% for 5 years. The first receives $70 at the end of each year and spends it. The second receives nothing until the end of the 5 years, but then receives $1,402.55. Why does the second receive more in total than the first?

A) Inflation
B) Opportunity Cost
C) Simple Interest
D) Compounding
E) Budgeting

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-20 Interest Calculations

Personal Finance (Canadian) 8th edition Kapoor Test Bank

120) If you invest $100 per month into an investment which pays 3% compounded semi-annually, you will have a total of $6,461.65 after 5 years. What action would not result in greater amount accumulated?

A) Increasing your payment amount.
B) Decreasing your compounding periods
C) Increasing your interest rate
D) Decreasing your payment frequency
E) Extending your investment period.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Medium
Learning Objective : 01-04 Determine personal and financial opportunity costs associated with persona
Topic : 01-21 Future Value of a Single Amount

121) A Financial Plan

A) Should only be prepared once you have accumulated significant wealth.
B) Should only be prepared by a Certified Financial Planner.
C) Cannot be changed once put in place.
D) Is an informal wish list of your future financial hopes and dreams.
E) Can be created on your own.

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-27 Developing a Flexible Financial Plan

122) How many major areas are part of the financial planning process?

Personal Finance (Canadian) 8th edition Kapoor Test Bank

A) 5
B) 7
C) 8
D) 10
E) 100

Question Details
Accessibility : Keyboard Navigation
Difficulty : Easy
Learning Objective : 01-05 Identify strategies for achieving personal financial goals for different l
Topic : 01-26 Components of Personal Financial Planning

Personal Finance (Canadian) 8th edition Kapoor Test Bank

Personal Finance 8ce Edition by Kapoor Ch01

Answer Key

Test name: 001

1) FALSE
2) FALSE
3) FALSE
4) FALSE
5) TRUE
6) TRUE
7) FALSE
8) TRUE
9) TRUE
10) TRUE
11) FALSE
12) TRUE
13) FALSE
14) FALSE
15) FALSE
16) TRUE
17) FALSE
18) FALSE
19) TRUE
20) TRUE
21) C
22) A
23) B
24) E
25) E
26) E

Personal Finance (Canadian) 8th edition Kapoor Test Bank

27) C
28) C
29) B
30) C
31) C
32) B
33) E
34) C
35) C
36) A
37) D
38) D
39) D
40) D
41) D
42) A
43) D
44) B
45) C
46) A
47) A
48) A
49) A
50) C
51) D
52) D
53) A
54) A
55) D
56) A

Personal Finance (Canadian) 8th edition Kapoor Test Bank

57) B
58) C
59) D
60) E
61) A
62) E
63) B
64) E
[(100 × 1.04 + 500) × 1.05 + 750] × 1.06 + 1000.

65) A
66) A
PY, CY = 12
PV = 0
N = 48
PMY = -$200
FV = $10602.98
CPT I/Y = 5%.

67) B
68) B
69) B
70) C
71) D
72) E
73) C
74) E
75) E
76) B
77) C
78) D

Personal Finance (Canadian) 8th edition Kapoor Test Bank

79) A
80) A
81) C
82) E
83) E
84) D
85) C
86) D
87) B
88) C
89) C
90) B
91) D
92) B
93) C
94) A
95) B
96) A
97) C
P/Y, CY = 12
PV = $20000
N = 48
I/Y = 14
FV = O
CPT PMT = $546.53.

98) D

Personal Finance (Canadian) 8th edition Kapoor Test Bank

P/Y = 52
C/Y = 12
PV = 0
N = 52
I/Y = 6
PMT = -$100
CPT FV = $5355.68
PV = -$5355.58
N = 156
I/Y = 6
PMT = -$150
FV = $32026.63.

99) E
100) C
101) C
102) A
103) D
104) A
105) B
106) C
107) B
108) B
109) B
110) E
111) A
112) D
113) A
114) C
115) E
116) A

Personal Finance (Canadian) 8th edition Kapoor Test Bank

117) B
118) D
119) D
120) B
121) E
122) C

Personal Finance (Canadian) 8th edition Kapoor Test Bank