

**Answers are in bold italics.**

- 1) Consider a typical 30-year fixed-rate mortgage. During which of the following years is the highest portion of each payment applied toward principal?
- a) First year                      b) Tenth year                      c) Twentieth year                      **d) Thirtieth year**
- 2) Suppose you apply for an 8-year loan in the amount of \$21,000 with an APR of 7%. Your monthly payment is \$286.31. Determine the total amount of interest paid over the eight years.
- a) \$5385.76                      b) \$27,485.76                      c) \$13,440.00                      **d) \$6485.76**
- 3) Calculate the monthly payments for a home mortgage of \$189,000 with a fixed APR of 6.8% for 15 years.
- a) \$1583.42                      b) \$1703.59                      **c) \$1677.72**                      d) \$1748.34
- 4) Suppose you take out an auto loan for \$7800 over a period of 5 years at an APR of 6%. To the nearest \$100, determine the total amount of your payments over the term of the loan.
- a) \$9100                      **b) \$9000**                      c) \$9200                      d) \$9300
- 5) Suppose you have a balance of \$2200 on your credit card, which charges an APR of 16%. If you want to pay off the balance in 30 months, how much should you pay each month? Assume that you charge no additional expenses to the card.
- a) \$103.62                      b) \$92.83                      c) \$96.36                      **d) \$89.46**
- 6) Walter is married, but he and his wife filed separate income taxes in 2003. He earned wages of \$51,000, and he received \$4800 in interest from savings accounts. He also contributed \$2000 to a tax-deferred retirement plan, and he took the standard deduction. Find his **adjusted gross income**.
- a) \$53,800**                      b) \$55,800                      c) \$49,050                      d) \$46,000
- 7) A single taxpayer who itemizes deductions is in the 28% marginal tax bracket. Which of the following will reduce her tax bill by \$500?
- a) **She qualifies for a \$500 tax credit.**  
 b) She makes a \$165 donation to charity.  
 c) She makes a \$500 donation to charity.  
 d) She qualifies for a \$165 tax credit.  
 e)
- 8) In 2003 Suppose a married couple filing jointly has paid \$4500 mortgage interest and contributed \$3000 to charity. Which of the following represents the greatest **deduction** amount they may claim?
- a) \$17,000                      **b) \$9500**                      c) \$7500                      d) \$0
- 9) Suppose that you are a head of household with one dependent child, and you had a **taxable income** of \$45,200 in 2003. Assuming you are not entitled to an additional tax credit for the child, how much income tax did you pay?
- CORRECT ANSWER IS \$6995 (I am sorry! The correct answer was not one of the choices)**
- 10) How much FICA (social security) taxes would a single taxpayer (not self-employed) with wages of \$50,000 pay?
- a) \$7650                      b) \$12,500                      **c) \$3825**                      d) \$725