



Assessment 2-2: Evaluation

Short Answer (6 pts.): Read each item carefully; then write an answer based on what you learned about creating a personal budget. Each question is worth 2 pts.

1. What are two benefits of tracking your spending habits?

a. _____

b. _____

2. What are two advantages of creating and following a spending plan (budget)?

a. _____

b. _____

3. List two types of financial documents that every person should keep on file.

a. _____

b. _____

True/False (10 pts.): Read each statement carefully. Show whether the statement is True (T) or False (F) by writing either "T" or "F." If a statement is false, rewrite the statement to be a true statement. Each question is worth 2 pts.

___ 4. You should follow the same budget as long as necessary to control your spending and to meet your financial goals.

___ 5. A personal budget should be planned for a specific period of time.

___ 6. You can think of P.Y.F. as a bill you owe yourself.

___ 7. The best way to stay on track with your budget is to create the budget with spreadsheet software.

___ 8. Income and spending must balance each other.

Score _____/50

Name _____

Date _____

Multiple Choice (10 pts.): Read each item carefully; then select the best answer. Each answer is worth 1 pt.

- ___ 9. Which one of the following could not be called income?
- An allowance
 - A paycheck
 - Interest paid on a loan
 - Interest received from a savings account
- ___ 10. What is the purpose of Form W-2?
- To itemize how much money was earned by an employee and how much was withheld and sent to the Internal Revenue Service (IRS)
 - To allow the employee to participate in a tax-deferred savings plan
 - To document a refund or figure a balance due to the IRS each year
 - To allow the employer to withhold federal income taxes from an employee's wages
- ___ 11. What is the purpose of Form W-4?
- To itemize how much money was earned by an employee and how much was withheld and sent to the Internal Revenue Service (IRS)
 - To allow the employee to participate in a tax-deferred savings plan
 - To document a refund or figure a balance due to the IRS each year
 - To allow the employer to withhold federal income taxes from an employee's wages

Use Pete Dixon's pay stub shown here to answer Questions 12-14.

Vick's Videos 123 Adventure Street Dreamland, Colorado 80001			Employee:		Pete Dixon		
			Social Security Number:		123-45-6789		
			Pay Period:		03-12-07 to 03-26-07		
			Pay Date:		03-31-07		
			Check Number:		11100		
Hours			Earnings				
	Regular	Overtime	Regular	Overtime	Bonus	Other	Gross Pay
T/P	40	0	240.00	0.00			240.00
YTD	230	8	1,380.00	72.00			1,452.00
Deductions							
	Social Security Tax	Medicare Tax	Federal Withholding Tax	State Withholding Tax	Pension	Other	Net Pay
T/P	14.88	3.48	60.00	7.32			154.32
YTD	90.02	21.05	363.00	44.28			933.65

- ___ 12. What is Pete's gross income for this pay period?
- \$ 154.32
 - \$ 240.00
 - \$ 933.65
 - \$1,452.00
- ___ 13. What is Pete's net income so far this year?
- \$ 154.32
 - \$ 240.00
 - \$ 933.65
 - \$1,452.00

- ___ 14. How much of this paycheck does Pete have for spending and saving for goals?
- \$ 154.32
 - \$ 240.00
 - \$ 933.65
 - \$1,452.00
- ___ 15. To reach her financial goals, Rhonda has calculated that she needs an additional \$25 per week in gross pay. Rhonda can only work 20 hours per week during the school year, so she wants to ask her supervisor for a raise to increase her income. If she currently earns \$6.75 per hour, how much should her hourly wage be raised to increase her weekly gross pay by \$25?
- 50 cents
 - 75 cents
 - \$1.25
 - \$7.75
 - \$8.00
- ___ 16. How much will Rhonda earn per hour if she does get the raise she wants?
- \$6.75
 - \$7.25
 - \$7.75
 - \$8.00
- ___ 17. Marcus set a goal to buy a used car in the next few months. He plans to make a \$2,500 down payment and has already saved \$1,300. If he can save \$150 each month for this goal to buy a car, how long will it take him to save the entire \$2,500?
- 6 months
 - 8 months
 - 10 months
 - 12 months
- ___ 18. Lee wants to set up a budget, so he has asked for your help to draft it. He hesitates when you ask him to predict how much income he will have each month because he works more hours per week in the summer than during the school year. What will help him estimate his income for a specific month?
- His W-2 statement from the previous year
 - His W-4 form from the previous year
 - His pay stub from the previous pay period
 - His pay stubs from the past year

Matching (5 pts.): Read each statement carefully. Select the term that best matches the statement by writing the letter of the matching term in the blank. Each question is worth 1 pt.

- | | |
|---|---------------------------|
| ___ 19. Any money you receive such as an allowance or paycheck | a. Fixed Expense |
| ___ 20. An amount of money spent to buy something or do something that is the exact same amount every time | b. Gross Income |
| ___ 21. Taking a certain amount of all money you receive and saving it to be used for spending on longer-term goals | c. Income |
| ___ 22. Money taken out of a paycheck by an employer to pay for taxes, health insurance, and other payments | d. P.Y.F |
| ___ 23. Take-home pay | e. Payroll Deductions |
| | f. Net Income |
| | g. Spending & Saving Plan |
| | h. Variable Expenses |

Essay (19 pts.): In this unit, you have learned how to build a budget. Use what you have learned to respond to the next three tasks.

24. Do you have a spending and savings plan? In the space below, write down your personal budget to show your plan for spending and saving during the next month. (10 pts.)

25. How will your planned budget relate to your financial goals? In 2–5 complete sentences, explain how your budget will help you achieve your current financial goals. (5 pts.)

26. What do you predict will be different about your budget two years from now? Think about how your income and expenses might increase or decrease. Also consider what types of income and expenses might be removed or added to your budget. In the space below, list at least four things that will be different in your budget two years from now compared with your current budget. (4 pts.)

- a. _____
- b. _____
- c. _____
- d. _____

Budget Tips

Did you . . .

- ✓ Clearly classify your income and expenses
- ✓ Relate your budget to your current financial goals
- ✓ Write legibly
- ✓ Double check your math