

AWM Math 11 – Unit 2 – Practice Test
Managing Your Money

Section A – Multiple Choice

Choose the best response for each of the following questions. Circle that response.

- 1) Which of the following lists of financial institutions would you use for your day-to-day money transactions?
 - a) bank or investment company
 - b) investment company or trust company
 - c) loan company or trust company
 - d) bank or credit union

- 2) Which of the following institutions would be the best choice for financial planning?
 - a) investment company
 - b) trust company
 - c) loan company
 - d) credit union

- 3) Which of the following services can you **ONLY** do with full-service banking?
 - a) withdraw cash
 - b) close an account
 - c) pay bills
 - d) check account balances

- 4) Why is it best to use your bank card at a branch of your own bank?
 - a) Bank loyalty is often rewarded through incentive plans
 - b) Only making transactions with your bank will ensure a secure payment
 - c) Other institutions and ATMs will charge an additional service fee
 - d) You can only gain bonuses through transactions at your own bank

- 5) Variable income is:
 - a) expenses that can change from period to period.
 - b) a predictable income received at equal intervals.
 - c) income that changes over time or is not received on a regular basis.
 - d) none of the above.

5) Which of the following is an example of a variable expense?

- a) iTunes purchase
- b) monthly loan repayment
- c) paycheque
- d) rent

6) Which of the following is the best example of a recurring expense?

- a) clothing
- b) entertainment
- c) car insurance
- d) groceries

7) If your average income is \$1377.05 per month, the best estimated value to include in a **realistic** budget is:

- a) \$1350.00
- b) \$1400.00
- c) \$1380.00
- d) \$1377.05

8) If your average variable expenses are \$579.01 per month, the best estimated value to include in a **realistic** budget is:

- a) \$600.00
- b) \$570.00
- c) \$579.00
- d) \$565.00

9) A bank customer has reached the limit of his free monthly transactions and will now be charged \$1.50 for each additional transaction. If he buys groceries for \$139.86, gas for \$51.95, and two movie tickets for \$26.00 on his bank card, what will the total deducted from his account be?

- a) \$226.87
- b) \$222.31
- c) \$220.86
- d) \$233.42

- 10) If David's annual savings are about \$2850.00, how much can he save up in 20 months?
- a) \$4750.00
 - b) \$2850.00
 - c) \$5700.00
 - d) \$4275.00
- 11) A standard bank account allows 20 free transactions per month and charges \$0.20 for each additional transaction. How much will 47 transactions in one month cost?
- a) \$5.40
 - b) \$9.40
 - c) \$5.95
 - d) \$4.80
- 12) Danita earns a variable income. In the past three months, she earned \$337.00, \$511.00, and \$805.00 per month. What is her average monthly income?
- a) \$775.67
 - b) \$551.00
 - c) \$1312.33
 - d) \$1428.33
- 13) Bank A charges a monthly fee of \$18.00 for unlimited transactions. Bank B charges a monthly fee of \$3.50, but only allows 20 free transactions a month. If you made less than 20 transactions per month, how much money would you save in two years by choosing Bank B?
- a) \$70.00
 - b) \$348.00
 - c) \$432.00
 - d) \$1680.00
- 14) Two banks offer different choices for transaction fees: Bank A charges \$0.20 for each transaction while Bank B offers 25 free transactions a month but charges \$1.00 for each additional transaction. If you make 52 transactions a month, how much does each bank charge?
- a) Bank A charges \$27.00 and Bank B charges \$10.40
 - b) Bank A charges \$10.40 and Bank B charges \$16.60
 - c) Bank A charges \$16.60 and Bank B charges \$10.40
 - d) Bank A charges \$10.40 and Bank B charges \$27.00

Section B – Short Answer

Answer the following questions, showing ALL steps and work.

- 1) Marie has been monitoring her banking usage over the past year, and she has made an average of 40 transactions and 2 ATM withdrawals from another bank's ATM each month. If she continues to use banking services at this rate which of the three bank accounts below will cost her the least amount of money? Show your work.

Bank	Bank 1	Bank 2	Bank 3
Monthly fee	\$6.00	\$9.00	\$12.00
Transactions covered by monthly fee	20	30	40
Charge for additional transactions not covered by monthly fee	\$0.15	\$0.50	\$1.25
Use of another bank's ATM	\$2.00 each	\$1.50 each	\$1.00 each

- 2) Michelle's net pay is \$350 per week. Calculate Michelle's monthly income remembering there are 52 weeks and 12 months in a year.

- 3) The following transaction record is for Fred's Self-Service Account. Include any relevant service charges and then calculate his final balance. *Remember to use the account information found at the end of this test to assist you.*

Transaction	Description	Withdrawal	Deposit	Balance
				\$1158.73
Direct deposit	Paycheque		\$524.65	
ATM*	Cash (other ATM)	\$40.00		
Bank card	Gas	\$58.23		
Bank card	Dinner	\$25.38		
ATM	Babysitting earnings		\$67.00	
TELLER	Hydro bill	\$89.56		
Auto- withdrawal	Rent	\$675.00		
Bank Card	Prescription	\$44.54		

- 5) Peter's income and expenses for one month in the table below.

Income		Expenses	
Paycheque (semi-monthly)	\$675.00	Rent	\$525.00
Tutoring	\$310.00	Utilities	\$150.00
Paycheque (semi-monthly)	\$675.00	Car Insurance	\$123.00
		Gas	\$75.00
		Groceries	\$185.00
		Cell phone	\$50.00
		Entertainment	\$50.00
		Gym membership	\$25.00
		Miscellaneous	\$30.00
Total		Total	

Create a balanced budget for Peter. Any extra income should be put into savings.

NORTHWEST BANK OF CANADA ACCOUNTS

	Value Account	Self-service Account	Full-service Account	Savings Account
Monthly Fee	\$3.90	\$10.90 Students and Youth (under 18) save 50% on the monthly fee	\$24.50	No fee
Fee waived on minimum monthly balance amount	\$1000.00	\$1500.00	\$2000.00	
Transactions covered by monthly fee: <ul style="list-style-type: none"> • cheques • withdrawals • bill payments • direct deposits • debit purchases • transfers to another account with Northwest Bank of Canada 	10 self-service	25 self-service	40 self-service or teller-assisted No annual fee for credit card	2 debit transactions
Charge for additional transactions not covered by monthly fee	Self-service - \$0.50 each Teller-assisted \$1.00 each	Self-service - \$0.50 each Teller-assisted \$1.00 each	Self-service - \$0.25 each	Self-service or teller-assisted \$1.25 each
Non-Northwest Bank of Canada ATM withdrawals	\$1.50 each	\$1.50 each		
Interest paid	None	None	None	Daily interest that grows your balance

Transaction Types

Self-service: Any transaction that does not require a bank teller. This includes withdrawals, deposits, cheques, money transfers, direct payment purchases, and transactions made at an ATM, by telephone, or online.

Teller-assisted: Includes all transactions that require or use a teller, such as in-branch withdrawals, in-branch bill payments, and traveller's cheque and foreign currency purchases.