1. Sam prefers a savings plan that allows him to earn interest on previously earned interest. Which type interest does he prefer?

A. Compound

B. Money market

C. Simple

D. Variable

2. Some customers recently learned that they can exchange quilts purchased from Tyson's Antique Store over 25 years ago for higher prices than they were originally purchased. Which type of investment are the quilts?

A. Collectibles

B. Commodities exchanges

C. Currency

D. Gold, silver, and precious metals

3. How are common and preferred stocks different?

A. Common stock pays stockholders limited dividend payments.

B. Common stockholders have non-voting rights.

C. Preferred stock stockholders have priority in dividend payments.

D. Preferred stock stockholders have a minimum period of ownership.

4. How much interest is earned on a balance of $1,800 that is compounded semiannually at a 6% interest rate for an account maintained for one year?

A. $109.62

B. $110

C. $154

D. $175

5. Mary's business has $5,000 to start a savings plan at a local bank. She is comparing the interest rates between a mutual fund and a regular savings account. Which evaluation factor of saving is Mary considering?

A. Liquidity

B. Potential return

C. Safety and risk

D. Taxes

6. Mary prefers a relatively safe investment that will allow her to withdraw money after a few days without losing any of her principal. Which is the BEST investment choice for Mary?

A. Bond investment

B. Certificate of deposit

C. Money market account

D. Stock investment

7. Ted deposits money in a savings plan regularly. The interest he earns on this plan is indicative of how the money markets are doing. Which savings plan is he using?

A. Bond investment

B. Certificate of deposit

C. Money market account

D. Savings account

8. Bob sells specialty guitars and hopes to exchange the guitars for a much higher value than the purchase price. Which type of investment could the guitars become?

A. Collectibles

B. Commodities and futures

C. Commodity exchanges

D. Gold, silver, and precious metals

9. How are common and preferred stocks similar?

A. Both pay limited dividend payments.

B. Both have a risk of loss of a investment.

C. Both have the same amount of risk.

D. Both stockholders have voting rights.

10. RadioShack offers shares of stock to investors at a consistent rate of 6% without any voting rights. What type of stock is it offering?

A. Bond

B. Common stock

C. Mutual fund

D. Preferred stock

11. Mary needs a savings plan that will allow her to access her money as cash for potential emergency needs. Which type of evaluation factor of saving is she considering?

A. Liquidity

B. Potential return

C. Safety and risk

D. Taxes

12. How much interest is earned on a balance of $1,000 for a certificate of deposit that is compounded at an 8% interest rate for an account maintained for three years?

A. $135.00

B. $241.30

C. $259.71

D. $301.89

13. Jack is reviewing his investment portfolio to make sure it includes options that will allow him to access money immediately. Which type of evaluation factor of saving is he considering?

A. Liquidity

B. Potential return

C. Safety and risk

D. Taxes

14. The city government needs 1.2 million dollars to build a new medical facility. Which type of bond investment opportunity would help the city government obtain funding for the facility?

A. Corporate bond

B. Municipal bond

C. Treasury bills

D. Treasury notes