

CHAPTER 1 HOMEWORK FOR CONSUMER DECISION MAKING

For each numbered description, select the term that best matches it in meaning. Use each term only once.

- | | |
|--------------------|--------------------|
| A. alternatives | E. goals |
| B. consequences | F. lifestyle |
| C. decision making | G. quality of life |
| D. evaluation | H. values |

1. The process of judging the value of a decision or action.
2. A person's typical way of life.
3. The level of satisfaction people feel in what they do and how they live.
4. Specific aims that reflect a set of values.
5. The act or process of choosing among alternatives.
6. The results that follow a decision or action.
7. Those beliefs and ideas that an individual or group considers desirable and important.
8. The options available when you are choosing among courses of action.

HOMEWORK FOR THE CONSUMER AND THE ECONOMY CHAPTER 2

For each numbered description, select the term that best matches it in meaning. Use each term only once.

- A.demand B. command economy
C.competition D. economic system
E. goods F. market economy
G. productive resources H. profit motive
I. opportunity cost J. Scarcity
K. services L. Supply

1. An arrangement by which a nation decides how its productive resources are to be used.
2. A nation's factors of production - natural, human, and capital resources.
3. The choices (goods or services) that are given up when a decision is made to make a certain purchase.
4. The hope of financial gain that makes a business decide to produce certain goods and services.
5. A condition of limited resources.
6. Nonmaterial production of an economy, such as education and medical care.
7. Material production of an economy, such as food and clothing.
8. The amount or number of goods or services available for purchase.
9. The level of willingness of all the people to pay a certain price for a good or service.

10. The rivalry or struggle between people or business to fill the demands of consumers for goods or services.

11. An economy in which the decisions of what goods and services are produced are made mainly by the governments.

12. An economy in which the decisions of what goods and services are produced are made mainly by the people in the economy.

CHAPTER 3 CONSUMER VOCABULARY

For each numbered description, select the term that best matches it in meaning. Use each term only once.

- A. conspicuous consumption B. discrimination
C. human scale D. material simplicity
E. quality of life F. self-determination
G. self-reliance H. technology

1 The idea that bigger is not always better, that sometimes small is beautiful.

2. Wasteful spending for the purpose of impressing others.

3. The act of treating people differently because of their race, color, or sex.

4. The interaction of tools and equipment in society, and how people use them.

5. The level of satisfaction people feel in what they do and how they live.

6. Self-help, or relying on oneself to get things done.

7 Taking charge of one's own life to be less dependent on others.

8. Freedom from unnecessary possession.

OBTAINING INCOME -Chapter 4

- A. fringe benefit B. Individual Retirement Account
C. Occupational Outlook Handbook D. labor union
E. minimum wage F. salary policy
G. strike

1. A legally recognized organization that represents workers in important dealings with employers.

2. A non-salary extra given to workers.

3. A special type of retirement savings plan with tax advantages for employees.

4. A legally established minimum amount of hourly pay.

5. Guidelines followed by an employer in determining wages or salaries paid for particular jobs.

6. An action of a labor union in which workers refuse to work.

7. A U.S. government publication which provides job information.

CHAPTER 5

For each numbered description, select the term that best matches it in meaning. Use each term only once.

- A. budget B. envelope system
C. fixed expenses D. money management
B. variable expenses

1. Spending that can change from month to month, for items such as food, clothing, and recreation.
2. A plan for controlling income and spending.
3. Spending for regular obligations, such as rent and loan payments.
4. An estimate or plan of expected income, expenses, and savings.
5. A record-keeping method that involves putting aside a certain amount of cash each payday for expected expenses.

CONSUMER VOCABULARY CHAPTER 6

For each numbered description, select the term that best matches it in meaning. Use each term only once.

- | | |
|------------------------------------|----------------------------|
| a. monthly statement | f reconciliation |
| b. check register or stub | g. restrictive endorsement |
| c. deposit slip | h. safe-deposit box |
| d. electronic funds transfer (EFT) | l. signature card |
| e. endorsement | j. traveler's check |

1. A record kept by the bank that shows the signature of the person who will draw checks against the account.
2. A special check sold by financial institutions, intended for use by travelers.
3. The record kept by the depositor that shows checks written and deposits.
4. A container offered for rent by financial institutions to safely keep valuables.
5. A signature on the reverse side of a check.
6. The process of bringing into agreement the depositor's records with the monthly statement.
7. A signature and statement on the reverse side of a check that limit the payment.
8. The periodic report from the financial institution that lists checks paid and deposits received.
9. The computerized transfer of money.
10. A form completed by the depositor which accompanies deposits to savings and checking accounts.

CHAPTER 7 CONSUMER VOCABULARY

For each numbered description, select the term that best matches it in meaning. Use each term only once.

- | | |
|--------------|---------------------------|
| A. capacity | E. credit record |
| B. capital | F. finance charge |
| C. character | G. installment credit |
| D. credit | H. non-installment credit |

1. A form of credit in which the debt is reduced by periodic payments.
2. The form of financial trust that is the basis of loans and purchases made without full cash payment.
3. The ability of a borrower to repay a debt.
4. The wealth possessed by a borrower.
5. A form of credit in which the debt is paid in full at the end of a month.
6. A cost of using credit.
7. A borrower's reputation for keeping financial promises.
8. Financial information about a user of credit.

CHAPTER 8 CONSUMER VOCABULARY

For each numbered description, select the term that best matches it in meaning. Use each term only once.

- | | |
|---------------------------|----------------|
| A. bond | F. mutual fund |
| B. dividend | G. securities |
| C. interest | H. stock |
| D. investment club | I. stockbroker |
| E. certificate of deposit | |

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Companies.

6. An informal group formed to study and purchase stocks.

7. A shareholder's portion of the profits of a corporation.

8. Payment for the use of money.

9. An investment that requires the investor to leave money on deposit for a specific period of time.

A share of ownership in a corporation.

A person who represents the buyer of securities.

A certificate representing a loan of money to a corporation.

A term that includes stocks and bonds.

An organization formed for the purchase of buying the securities of other

CHAPTER 9 CONSUMER VOCABULARY

For each numbered description, select the term that best matches it in meaning. Use each term only once.

- | | |
|---------------------|------------|
| A. insurance | D. premium |
| B. insurance policy | E. risk |
| C. liable | |

1. The possibility of suffering a loss.
2. Being hold responsible for injuries caused to some other person.
3. A system of spreading risks among others who have similar risks.
4. A written contract between an insurance company and the person who buys insurance.
5. The amount of money paid to an insurance company for insurance protection.

CONSUMER VOCABULARY CHAPTER 10

Match the vocabulary words with the definitions. Each word is used only once.

- | | |
|-------------------------------|---------------------------------|
| A. collision insurance | F. medical payment insurance |
| B. comprehensive insurance | G. no fault insurance |
| C. deductible | H. policy limit |
| D. liability insurance | I. premium |
| E. material misrepresentation | J. uninsured motorist insurance |

1. An untrue statement about an important matter.
2. The insured person agrees to pay a portion of the loss.
3. A person's own insurance company will pay the medical bills & lost pay of persons injured in an accident, without regard to who caused the accident.
4. Pays damages to your car. It does not pay for injuries to people or damage to property with others.
5. Protects you in case you are judged by a court to be responsible for injuries or deaths suffered by others.
6. Pays the costs of ambulance, hospital, doctors, and other medical expenses up to the policy limits regardless of who caused the accident.
7. Covers losses caused by fire, theft, vandalism, falling objects, and many other causes.
8. The amount paid for an insurance policy.
9. Applies only when you are not the cause of an accident, injured by a hit-and-run driver, or injured by a driver who has no insurance or money to pay for your injuries.

CONSUMER VOCABULARY CHAPTER 11

For each numbered description, select the term that best matches it in meaning. Use each term only once.

Part A-Life Insurance

- a. beneficiary
- b. cash value
- c. return
- d. term insurance
- e. universal life insurance
- f. whole life insurance

1. Life insurance that provides protection for specific periods of time.
2. Life insurance that combines protection and savings.
3. The built-up value of a whole life insurance policy.
4. The person who is named to collect the benefits of a life insurance policy.
5. A new form of life insurance that offers flexibility in paying premiums.
6. The amount earned on money invested.

Part B-Health Insurance

- a. dental expense insurance
- b. disability insurance
- c. group health insurance
- d. hospital expense insurance
- e. major medical expense insurance
- f. regular medical expense insurance
- g. surgical expense insurance

1. Insurance that covers large medical expenses.
2. Insurance that covers the cost of professional care of the teeth.
3. Insurance that covers all or part of a doctor's fee for an operation.
4. Insurance that helps to replace earnings lost as a result of a long illness or injury.
5. Insurance that covers doctor bills not requiring surgery.
6. Insurance that covers the expenses of a stay in a hospital.
7. Health insurance purchased with others through an employer or groups such as labor unions.

CHAPTER 12 CONSUMER VOCABULARY

Match the words with the definitions. Each word is used only once.

- | | |
|--------------------|---------------------|
| A. direct tax | F. property tax |
| B. excise tax | G. proportional tax |
| C. income tax | H. regressive tax |
| D. indirect tax | I. revenue |
| E. progressive tax | J. sales tax |

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A clearly identified tax not included in the price of goods or services.

Income received by governments through the use of various taxes.

A tax usually "hidden" in the price of goods and services.

A tax based on a person's earnings

A state or federal tax on a luxury item such as jewelry, furs, or cigarettes.

A tax in which the rate is the same for all people who are taxed.

A tax based on the sales of goods and services.

A tax in which the rate goes down as income increases.

A tax in which the rate increases as income increases.

A tax based on the value of real estate, that is, a house and lot.

UNIT ONE TEST

1. The process of judging the value of a decision is called evaluation.

 T F

2. Lifestyle is not a person's typical way of life.

 T F

3. Consequences are the results that follow a decision or action.

 T F

4. Values are those beliefs and ideas that an individual or group considers undesirable and unimportant.

 T F

5. Decision making is the act or process of choosing among goals.

 T F

6. Alternatives are options unavailable when you are choosing among courses of action.

 T F

7. Goals are the level of satisfaction people feel in what they eat and how they sleep.
__T__F
8. The struggle between people or business to fill the demands of consumers for goods or services is called competition,
__T__F
9. Goods are material production of an economy, such as education and medical care.
__T__F
10. Services are nonmaterial production of an economy such as food and clothing.
__T__F
11. The amount of goods or services available for purchase is called supply.
__T__F
12. The level of willingness of all the people to pay a certain price for a good or service is called demand.
__T__F
13. Scarcity is a condition of unlimited resources.
__T__F
14. Goods are a nation's factors of production - natural, human, and capital resources.
__T__F
15. The goods or services that are given up when a decision is made to make a certain purchase is called opportunity cost.
__T__F
16. Profit motive is the hope of financial loss that makes a business decide to produce certain goods.
__T__F
17. An arrangement by which a nation decides how its productive resources are to be used is an economic system.
__T__F
18. Human scale is the idea that bigger is always better, that sometimes small is ugly.
__T__F
19. The interaction of tools and equipment in society and how people use them is called technology.
__T__F
20. Freedom from unnecessary possession is called material simplicity.
__T__F
21. Quality of life is the level of dissatisfaction people feel in what they do and how they live.
__T__F
22. Self-determination is taking charge of one's own life to be less dependent on others.
__T__F
23. Self reliance is relying on oneself to get things done.
__T__F
24. The act of treating people differently because of their race, color, or sex is called discrimination.

T F

25. Goals are specific aims that reflect a set of values.

T F

CHAPTERS 4,5, & 6

TEST

1. A non-salary extra given to workers is called fringe benefits.
 True False

2. A U.S. Government publication which provides job information is:
A. U.S. News & World Report
B. Occupational Outlook Handbook
C. Newsweek

3. A labor union is an illegal organization that represents workers in unimportant dealings with employees.
 True False

4. I.R.A. stands for:
A. Individual Restaurant Association
B. Illegal Residents Association
C. Individual Retirement Account

5. Minimum wage is a legally established maximum amount of hourly pay.
 True False

6. Strike is an action in which workers refuse to work.
 True False

7. Variable expenses are spending for regular obligations, such as rent and loan payments.
 True False

8. Money management is not a plan for controlling income and spending.
 True False

9. An estimate or plan of expected income, expenses and savings is called:
A. Budget
B. Will
C. Lease

10. A record-keeping method that involves putting aside a certain amount of cash each payday for expected expenses is called envelope system.
 True False

11. Lost traveler=s checks cannot be replaced.

True False

12. A record kept by the bank that shows the signature of the person who will draw checks against the account is called:

- A. IOU
- B. Bank statement
- C. Signature card

13. Reconciliation is the process of bringing into agreement the depositor's records with the monthly statement.

True False

14. A container offered for rent by financial institutions to safely keep valuables is called a:

- A. safe-deposit box
- B. time capsule
- C. metal box

15. EFT stands for:

- A. electronic funds transfer
- B. every final transaction
- C. electronic finance transaction

16. Endorsement is a signature on the reverse side of a check.

True False

17. A signature and statement on the reverse side of a check that limits the payment is called restrictive endorsement.

True False

18. A form completed by the depositor which accompanies deposits to savings and checking accounts is called a withdrawal slip.

True False

19. The record kept by the depositor that shows checks written and deposits is called:

- A. checks
- B. monthly statement
- C. check register or stub

20. A loan application form will require financial and personal information in which may be used to judge if the consumer can repay the loan.

True False

21. Outstanding checks are checks which have not been paid by the bank before the monthly statement was prepared.

True False

22. Payment for the use of money by the bank is called income.

True False

23. The first place consumers think of when they need to borrow money is:

- A. parents
- B. employer
- C. bank

24. Public assistance is provided by churches.

True False

25. A pension is a series of payments made to a retired worker.

True False

TEST

CHAPTERS 7,8, & 9

1. A form of credit in which the debt is reduced by periodic payments is:
 - A. non-installment credit
 - B. installment credit
 - C. no credit

2. Capital is a form of financial trust that is the basis of loans and purchases made without full cash payment.
 True False

3. The three C=s. of credit are:
 - A. character
 - B. capacity
 - C. capital
 - D. all of the above

4. Capacity is the wealth possessed by a borrower.
 True False

5. The organizations that gather and store financial information are:
 - A. financial bureaus
 - B. credit bureaus
 - C. none of the above

6. Firms that offer charge accounts are: (Circle all correct answers)
 - A. department stores
 - B. medical offices
 - C. airlines
 - D. oil companies

7. VISA and Master Card are credit cards issued by oil companies.
 True False

8. Financial information about a user of credit is:
 - A. bank record
 - B. church record
 - C. credit record

9. Stock is a share of ownership in a corporation.
 True False

10. A person who represents the buyer of securities is:

A. bank officer

B. stockbroker

C. stockholder

11. CD is an abbreviation for:

A. current debt

B. certificate of deposit

C. charge deposit

12. An investment club is a financial group of people with nothing in common.

True False

13. A mutual fund is an organization that invests stockholder's money in the securities of other companies.

True False

14. The Wall Street Journal is:

A. a magazine about walls and streets

B. a diary of Wall Street

C. newspaper with information about stocks and bonds

15. The Dow Jones Industrial Average is:

A. the most widely watched stock market average

B. Dow Jones' work day average

C. Dow Jones' industrial business

16. Besides the Dow Jones Industrial Average, other popular stock market averages are issued by:

A. New York Stock Exchange

B. American Stock Exchange

C. All of the above

17. Stockbrokers are "registered representatives" trained to help in making investments.

True False

18. A bond is:

A. a type of glue

B. a certificate representing a loan of money

C. a type of car

19. With a risk you have no possibility of loss.

True False

20. An insurance company issues a legal contract called:

- A. policy
- B. loan
- C. none of the above

21. Who is a policyholder?

- A. bank
- B. employer
- C. consumer

22. Consumers should not be concerned about the risk of damage to or theft of their property.

True False

23. The term 'liable' means:

- A. to damage a person's good name
- B. to be a liar
- C. to be responsible

24. Life insurance is for protection against the loss of income due to death.

True False

25. Unexpected major expenses could be:

- A. hospital bills
- B. medical bills
- C. dental expenses
- D. all the above

FINAL TEST FOR CHAPTERS 1-9

1. The process of judging the value of a decision is called evaluation.
 True False
2. Consequences are the results that follow a decision or action.
 True False
3. Decision making is the act or process of choosing among goals.
 T F
4. Goals are the level of satisfaction people feel in what they eat and how they sleep.
 True False
5. The struggle between people or business to fill the demands of consumers for goods or services is called competition.
 True False
6. Services are nonmaterial production of an economy such as food and clothing.
 True False
7. The amount of goods or services available for purchase is called supply.
 True False
8. Scarcity is a condition of unlimited resources.
 True False
9. An arrangement by which a nation decides how its productive resources are to be used is an economic system.
 True False
10. Freedom from unnecessary possession is called material simplicity.
 True False
11. Self-determination is taking charge of one's own life to be less dependent on others.
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12. The act of treating people differently because of their race, color, or sex is called discrimination.
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21. Reconciliation is the process of bringing into agreement the depositor's records with the monthly statement.

True False

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- A. safe-deposit box
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23. A signature and statement on the reverse side of a check that limits the payment is called restrictive endorsement.

True False

24. A form completed by the depositor which accompanies deposits to savings and checking accounts is called a withdrawal slip.

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25. The record kept by the depositor that shows checks written and deposits is called:

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27. Payment for the use of money by the bank is called income.

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T F

29. A pension is a series of payments made to a retired worker.

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30. A form of credit in which the debt is reduced by periodic payments is:

- A. non-installment credit
- B. installment credit
- C. no credit

31. The three C's of credit are:

- A. character
- B. capacity
- C. capital
- D. all of the above

32. Firms that offer charge accounts are:

- A. department stores
- B. medical offices
- C. airlines
- D. oil companies
- E. all the above

33. VISA and Master Card are credit cards issued by oil companies.

True False

34. Financial information about a user of credit is:

- A. bank record
- B. church record
- C. credit record

35. Stock is a share of ownership in a corporation.

True False

36. A person who represents the buyer of securities is:

- A. bank officer
- B. stockbroker
- C. stockholder

37. CD is an abbreviation for:

- A. current debt
- B. certificate of deposit
- C. charge deposit

38. The Wall Street Journal is:

- A. a magazine about walls and streets
- B. a diary of Wall Street
- C. newspaper with information about stocks and bonds

39. The Dow Jones Industrial Average is:

- A. the most widely watched stock market average
- B. Dow Jones' work day average
- C. Dow Jones' industrial business

40. Besides the Dow Jones Industrial Average, other popular stock market averages are issued by:

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- C. All of the above

41. Stockbrokers are "registered representatives" trained to help in making investments.

True False

42. A bond is:

- A. a type of glue

- B. a certificate representing a loan of money
- C. a type of car

43. An insurance company issues a legal contract called:

- A. policy
- B. loan
- C. none of the above

44. Who is a policyholder?

- A. bank
- B. employer
- C. consumer

45. Consumers should not be concerned about the risk of damage to or theft of their property.

True False

46. Life insurance is for protection against the loss of income due to death.

True False

47. Unexpected major expenses could be:

- A. hospital bills
- B. medical bills
- C. dental expenses
- D. all of the above

48. Goals are specific aims that reflect a set of values.

True False

49. Endorsement is a signature on the reverse side of a check.

True False

50. Money management is not a plan for controlling income and spending.

T F

TEST

CHAPTERS 10,11, & 12

1. Financial responsibility laws provide that if someone causes a car accident and cannot pay for the damages, the person's driver's license can be taken away.
 True False

2. An insurance policy is a legal contract between the insured and the insurance company. The consumer makes certain statements called:
 - A. promises
 - B. misrepresentations
 - C. representations
 - D. none of the above

3. The means that the insured person agrees to pay, or absorb, a portion of the loss is called:
 - A. nothing
 - B. deductible
 - C. premium
 - D. none of the above

4. Uninsured motorist insurance applies when you are the cause of an accident or injured by a person who has insurance and a lot of money.
 True False

5. The person who is responsible for an accident can be forced by court to pay for injuries or death suffered by others. This insurance is called:
 - A. Property non-liability insurance
 - B. Medical life insurance
 - C. No-fault insurance

6. The person (or persons) who will receive the benefits of a life insurance policy is called the beneficiary.
 True False

7. Term insurance provides protection for a specific term, or period of time. A consumer may buy term insurance for:
 - A. 5 years
 - B. 10 years
 - C. 20 years
 - D. All of the above

8. The built-up value of a whole life insurance policy is called:

- A. cash value
- B. no value
- C. half price value
- D. none of the above

9. Hospital expense insurance pays none of a person's hospital costs.

___ True ___ False

23. The Social Security system provides for benefits to be paid to a worker who becomes disabled and is unable to work, and to his or her spouse and children.

___ True ___ False

24. A tax based on the value of real estate-that is, a house and lot. Is called:

- A. Estate tax
- B. House tax
- C. Lot tax
- D. Property tax

25. A tax based on a person's earnings is called income tax.

___ True ___ False

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10. If a policyholder requires surgery, the expense will be paid by:

- A. the policy-holder
- B. person's employer
- C. surgical expense insurance

11. Health insurance purchased with others through an employer or groups such as labor unions is called:

- A. life insurance
- B. group health insurance
- C. individual insurance

12. Insurance that covers the cost of professional care of the teeth is called:

- A. dental expense insurance
- B. false teeth insurance
- C. no teeth insurance

13. Disability insurance helps to replace earnings lost as a result of a long illness or injury.

True False

14. Insurance that covers the expenses of a stay in the hospital is called hospital expense insurance.

True False

15. Taxes are the source of income used by governments to provide the goods and services individuals can and would provide on their own but are too stubborn to.

16. The money governments collect through taxes is called revenue.

True False

17. A direct tax is a tax that is hidden or included in the stated price of an item.

True False

18. An excise tax can be a state or federal tax often applied to items such as food or gasoline.

True False

19. The federal income tax is a tax paid to the United States government through the IRS.

True False

20. I.R.S. stands for:

- A. Individual Revenue Service
- B. Irritated Reverse Stand
- C. Internal Revenue Service
- D. None of the above

21. Social Security means:

- A. Retirement income to some
- B. Payments of health care
- C. Survivor's benefits to some
- D. All the above

22. People cannot retire and collect Social Security payments until they are 75 years old.

True False