MU$EUM OF AMERICAN FINANCE

Name _____ Fall 2026

For each question choose the ***best*** answer and enter on the Answer line.
One answer ***ONLY*** for each question.

1. Which of the following explains the difference between Savings and Investment?
   a. Savings are short-term and Investment is long-term
   b. Savings are less risky than Investment
   c. Savings are more liquid than Investment
   d. Answers a and c
   e. Answers b and c

   Answer _____

2. Which of the following explains the difference between Stocks and Bonds?
   a. Stocks represent a loan to a company
   b. Bonds represent a loan to a company
   c. Stocks pay interest
   d. Answers a and c
   e. Answers b and c

   Answer _____

3. Which of the following is the most significant factor in calculating a FICO score?
   a. Payment History
   b. Amount owed
   c. Length of Credit History
   d. Answers a and c
   e. Answers b and c

   Answer _____

4. Which of the following is a revolving loan?
   a. Car Loan
   b. Mortgage
   c. Credit Card

d. Answers a and b
e. Answers a and c

Answer _____

5. Which of the following best describes Interest Rate Risk?
   a. The risk that bond prices fall when interest rates fall
   b. The risk that bond prices fall when interest rates rise
   c. The risk that bond prices fall when a company has a poor credit history
   d. Answers a and c
   e. Answers b and c

   Answer _____

6. Stock investors in a rising stock market should do which of the following?
   a. Sell stocks with Beta less than 1.0
   b. Buy stocks with Beta less than 1.0
   c. Buy stocks with Beta higher than 1.0
   d. Answers a and c
   e. Answers b and c

   Answer _____

7. Which of the following best describes R squared?
   a. A measure of risk
   b. The slope of Beta
   c. The explanatory power of Beta
   d. The relationship of Beta to a stock's risk
   e. None of the above

   Answer _____

8. Which of the following ratings would be considered High-Yield (Junk) bonds?
   a. AA
   b. BB
   c. B
   d. Answers a and b
   e. Answers b and c

   Answer _____

9. Which of the following is the decimal equivalent of 17%?
   a. 17
   b. 0.17
   c. 0.17%
   d. 0.0017

e. None of the above

Answer _____

10. Which of the following differentiates a tax credit from a tax deduction?
    a. A tax credit reduces the tax by the full value of the credit
    b. A tax deduction reduces the tax by the full value of the deduction
    c. A $1,000 tax deduction is less valuable than a $1,000 tax credit
    d. Answers a and b
    e. Answers a and c

    Answer _____

11. Which of the following is a defined contribution retirement plan?
    a. Company pension
    b. 401k
    c. 403b
    d. Answers a and b
    e. Answers b and c

    Answer _____

12. Which of the following is true for preferred stock?
    a. Has no voting rights
    b. Dividends less likely to change
    c. Price is more volatile than common stocks
    d. Answers a and b
    e. Answers b and c

    Answer _____