

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**BLM 8-12**

## Chapter 8 Practice Test

For questions 1 to 4, select the best answer.

- Which is *not* a variable expense?
  - car repairs
  - home insurance payments
  - weekly grocery bills
  - monthly long distance telephone charges
- Which set of expenses would be paid by the tenant of an apartment?
  - mortgage, gasoline, natural gas
  - natural gas, common fees, groceries
  - groceries, electricity, rent
  - property taxes, electricity, natural gas
- At the end of each month, Mei Xiu deposits \$40 into an account that pays 2.85%, compounded monthly. Which is the future value of Mei Xiu's account after one year?
  - \$480.06
  - \$486.32
  - \$493.68
  - \$487.47
- Philip's annual gross income is \$48 000. His net income is approximately 80% of his gross income. If his monthly rent should not be greater than one week's net income, what is the maximum monthly rental payment Philip can make?
  - \$4000.00
  - \$3200.00
  - \$923.08
  - \$738.46
- Rick and Rita make bi-weekly mortgage payments of \$1043 and quarterly property tax payments of \$688. They pay \$306 every six months for home insurance, \$215 every two months for electricity, \$98 per month for natural gas, and \$105 every two months for water.
  - How much do Rick and Rita spend on accommodations in one year?
  - If one month's accommodations expenses should not exceed one week's net income, what is the minimum weekly net income Rick and Rita should earn to afford their house?
- Jamal has graduated from college and lives with three roommates in a house. He earns \$600 per month working part time at a record shop and approximately \$900 per month teaching piano. His share of the rent is \$550 and includes all utilities and cable. Each month, Jamal spends an average of \$300 for groceries, \$110 for a transit pass, \$25 for laundry, and \$30 for telephone service.
  - Create a monthly budget for Jamal and calculate his balance.
  - What other occasional expenses might Jamal have?
  - Two months later, the record shop reduces Jamal's hours so he now earns \$400 per month. Several of his students have left, so his income from piano lessons is now \$750 per month. His share of the rent has increased by 2% and the cost of a transit pass has increased by 10%. Adjust Jamal's budget and calculate his new balance.
  - Suggest ways that Jamal could improve his financial situation.

