

Name: _____

Period: _____

1. Which of the following would be considered a want rather than a need by most people?
 - a. nutritional foods
 - b. warm clothes in the winter
 - c. a smartphone
 - d. a place to live

2. Select the answer that best describes opportunity cost:
 - a. the amount of money you put into savings every year.
 - b. what you give up as a result of choosing one option versus another; a trade-off.
 - c. the amount of money a business makes every year from sales.
 - d. what you gain as a result of choosing one option versus another; a benefit.

3. Before buying a new computer, you want to do some research to help you select the best model for your needs. Where should you look for the most objective and unbiased information?
 - a. the most popular computer company's website
 - b. paid advertisements in a technology magazine
 - c. a salesperson at an electronics store who earns commission on sales
 - d. an independent consumer education website that reviews and rates technology products

4. You are creating a budget for your new business. What should you include?
 - a. all income and expenses
 - b. fixed expenses but not income
 - c. income but not variable expenses
 - d. fixed and variable expenses but not taxes

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5. Which of the following would be considered a want for most people?
 - a. a brand-name jacket
 - b. transportation to get to work
 - c. a place to live
 - d. nutritious food

6. Your friend's parents are worried about going over their budget for the month. Which expense would you suggest is **NOT** a need?
 - a. the rent payment
 - b. car insurance
 - c. cable service
 - d. groceries

7. If you know the unit prices of two different brands of an item, you are better able to:
 - a. compare the prices of the two brands
 - b. estimate how much of the items you will need
 - c. determine which of the two brands is higher quality
 - d. figure out the discount during a sale on the two items.

8. You received \$50 as a birthday gift and chose to spend it on new wallpaper for your room. The opportunity cost of this decision is
 - a. the price of the wallpaper you brought
 - b. the other items you could have purchased with your \$50
 - c. the time you could have spent doing other things
 - d. all of the above

9. Which of the following is **NOT** true on a budget?
 - a. budgets help you plan how to spend money you earn or receive
 - b. once a budget is set, it should not be revised
 - c. a budget can include charitable giving
 - d. budgets include both income and expenses

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10. Which of the following is **NOT** a successful budgeting strategy?

- a. keep some extra money in your budget for emergencies
- b. pay with a credit card if you have a hard time sticking to a budget
- c. think about which items are the most needed
- d. revisit your budget regularly and make adjustments