

CIW CP-FIN100

CIW Financial Management Specialist

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Question: 1

When evaluating a credit card offer, which term refers to the interest rate applied to any balance not paid off by the end of the billing cycle?

- A. Annual Percentage Rate (APR)
- B. Introductory Rate
- C. Annual Fee
- D. Credit Limit

Answer: A

Question: 2

If an individual receives a large inheritance, what is a "responsible management" strategy?

- A. Spending the entire amount immediately on luxury travel and cars.
- B. Consulting with a financial professional and updating an estate plan.
- C. Giving the money away to random strangers to avoid paying any taxes.
- D. Quitting your job immediately without any plan for future income.

Answer: B

Question: 3

Why is a "Limited Liability Company" (LLC) often preferred by small business owners over a sole proprietorship?

- A. It completely eliminates the need for the business to pay any taxes.
- B. It ensures that the business will be successful regardless of the market.
- C. It allows the business to operate without any formal legal documents.
- D. It protects the owner's personal assets from business-related lawsuits.

Answer: D

Question: 4

When making a spending decision, what question helps distinguish a "want" from a "need"?

- A. Is this item currently trending on my social media feed?
- B. Does this purchase come with a reward or loyalty point?
- C. Can I survive and function effectively without this item?
- D. Will this item go on a better sale during the next holiday?

Answer: C

Question: 5

In the context of Decentralized Finance (DeFi), what is the primary role of a "Smart Contract"?

- A. To provide physical storage for cryptocurrency tokens.
- B. To execute financial agreements automatically via code.
- C. To act as a legal advisor for blockchain transactions.
- D. To regulate the interest rates set by central banks.

Answer: B

Question: 6

An employee receives a paycheck. Which term describes the amount of money they actually "take home" after all taxes and deductions?

- A. Gross Income
- B. Taxable Income
- C. Net Income
- D. Discretionary Income

Answer: C

Question: 7

What is the primary purpose of federal income taxes in the United States?

- A. To fund public services like infrastructure, education, and defense.
- B. To provide profit to the private banks that manage the currency.
- C. To ensure that every citizen has the exact same amount of money.
- D. To pay for the advertising costs of the major political parties.

Answer: A

Question: 8

Which budgeting method requires you to assign every single dollar of your income to a specific category until the balance is zero?

- A. The 50/30/20 Rule
- B. Zero-Based Budgeting
- C. The Envelope System
- D. Pay-Yourself-First Method

Answer: B

Question: 9

What happens to "disposable income" if an individual's fixed expenses (like rent) increase while their salary stays the same?

- A. Disposable income increases proportionally.
- B. Fixed expenses are moved to variable expenses.
- C. Disposable income remains unchanged.
- D. Disposable income decreases.

Answer: D

Question: 10

How can social media activity most significantly impact an individual's future financial opportunities?

- A. It influences how potential employers view your character.
- B. It determines the interest rate on personal bank loans.
- C. It automatically deducts taxes from your digital wallet.
- D. It provides a guaranteed income through likes and shares.

Answer: A

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