

Financial First Aid Key

1. If you regularly get a large tax refund, you may want to

- Increase the exemptions you claim on your W-4 form, which will increase your net pay
- Contribute to an IRA
- Get a tax refund anticipation loan

2. What is the advantage of borrowing against a retirement plan versus withdrawing the funds?

- You only have to pay a 5% penalty, instead of a 10% penalty
- You can borrow more than you can withdraw
- You do not have to pay taxes on the amount borrowed, as long as you do not default on the loan

3. Reducing spending is

- Harder to do than increasing your income
- Something almost everyone can do
- Nearly impossible

4. Which of the following are discretionary expenses?

- Mortgages, car loans, and student loans
- Groceries, electricity bills, and medical co-pays
- Luxury clothing, dining out, and vacations

5. To take an accurate inventory of your debt, you should

- Open all of your bills and call your creditors if needed
- Call the credit bureaus
- Taking an accurate inventory of your debt is not needed

6. Which bill should you pay first?

- Credit card
- Mortgage or rent
- Cable

7. When communicating with a creditor, you should

- Have a plan for the future
- Yell at them if they initially say they cannot help you
- Tell them your hardship is due to a job loss, even if it is not true

8. What law regulates collection agencies' conduct toward consumers?

- FDCPA
- FCRA
- TILA

9. How long can most negative information stay on your credit report?

- 5 years
- 10 years
- 7 years

10. What is one of the best ways to prepare for a financial crisis?

- Have a home equity line of credit
- Have emergency savings
- Have umbrella liability insurance