

# 2017

## Finance & Investment Challenge Bowl



**2017**  
**Finance &**  
**Investment**  
**Challenge Bowl**  
**Set 3**

Revolving charge accounts must be completely paid off by the end of the month.

Answer: False

A monthly budget can help you achieve financial security by:

- A. Helping you choose stocks that are most likely to increase in price.
- B. Reducing the likelihood that you will face unexpected expenditures for maintenance and repairs.
- C. Increasing your financial awareness and helping you allocate your funds more effectively.

***Index mutual funds*** provide investors with a return that is directly linked to broad-based portfolios, e.g. the Dow 30 or Fortune 500, while charging minimal amounts for expenses.

Answer: True

While investing in actively managed mutual funds can be a good idea, most mutual fund managers have a difficult time outperforming index mutual funds.

Answer: True

Because a second mortgage is typically a much smaller amount it legally has to be paid off before a first mortgage.

Answer: False

Sales tax is a fee charged by the federal government.

Answer: False (sales tax is charged by state and/or local governments)



**End Round 1**

Your ability to repay your loan with your current income is your:

- A. Capacity
- B. Collateral
- C. Capital

Which of the following relationships is true?

- A. Higher premium = Lower deductible
- B. Higher premium = Higher deductible
- C. Lower premium = Lower deductible

Historically, which of the following has provided the highest rate of return when held over a long period of time?

- A. Corporate bonds
- B. Common stocks
- C. Actively managed hedge funds

When a person finances an automobile purchase through a dealership or bank, who retains the car title until the obligations of the loan are fulfilled?

- A. The lender
- B. The car dealer
- C. The car buyer

Which of the following might explain why a business might choose to organize as a corporation rather than as a partnership or sole proprietorship?

- A. Corporations generally face fewer regulations.
- B. Corporations generally face lower taxes.
- C. Corporations generally protect business founders from liability issues.

A fiscal year that begins April 1<sup>st</sup> would end on what date?

Answer: March 31<sup>st</sup> of the following year

Name two reasons why so many companies including Sears, Walmart, Best Buy, Office Depot, etc. are closing so many stores.

Answer: Loss of profitability, loss of consumer interest, competition from online retail sales, overhead costs, neighborhood decline, change in area demographics, other.



It's the interest rate the Federal Reserve charges member banks for loans, using government securities as collateral.

- A. Discount rate
- B. Prevailing rate
- C. Exchange rate

It's earned compensation that, under specific terms, is not paid until a later date and is not taxed until the date in which it is paid.

- A. Pension
- B. Gross Wages
- C. Deferred compensation

It's issued by a bank and allows the holder to transfer money electronically to a merchant's bank account when making a purchase.

Answer: Debit card

**End Round 2**

Match the banks represented by the following logos.

1



Chase Bank

2

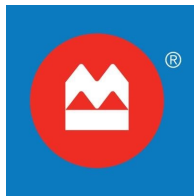
2



Associated Bank

1

3



BMO Harris Bank

3

While EMV “computer chip” credit cards have made in-store purchases safer, reports indicate a surge in this as a result.

Answer: Online fraud (cardholders using their credit cards to make purchases online)

The primary difference between a bank and a credit union is that the credit union is:

- A. Owned by the government
- B. Typically smaller
- C. Not-for-profit

What percentage of American households pay no federal income tax (they have either no taxable income or get enough tax breaks to erase their tax liability).

- A. 10%
- B. 28%
- C. 45%



- 6 Trans World Airlines
- 5 American Motors
- 4 MCI WorldCom
- 3 Merry-Go-Round
- 2 Lehman Brothers
- 1 Enron



Answer: Large U.S. companies no longer in business

***Controlling interest*** is obtained by owning more than 50% of a corporation's:

- A. Inventory
- B. Assets
- C. Voting shares

How many states' names can you find on a \$5 bill?

Answer: All 50 (atop the Lincoln Memorial)



Billionaires Christy Walton, Jim Walton, Alice Walton, S. Robson Walton, and of course Sam Walton, all made their fortunes with what company?

Answer: Walmart

Ties between the United States and this communist country have improved considerably since Barack Obama took office.

Answer: Cuba

It's the practice of making unsolicited phone calls to potential customers.

- A. Cold calling
- B. Phishing
- C. Surfing

Define *unsolicited*.

Answer: Given or supplied without being requested or asked for, e.g. junk-mail, certain telephone calls, certain advice, etc.

A corporation's executive officer responsible for handling funds, signing checks, etc. is the...

- A. Chief Executive Officer
- B. Chief Operating Officer
- C. Chief Financial Officer



What is an ***early termination fee*** and what is it most often associated with?

Answer: A charge by a vendor to a customer for discontinuing service ahead of the contracted end date. It is most often associated with communications technology, including cellular phones, cable or satellite television, etc.

What's a certified check?

Answer: A check that is guaranteed by a bank

**End Round 3**