

name:

date:



Lesson three quiz: The Art of Budgeting

True or False

1. F The budgeting process starts with monitoring current spending.
2. F Most short-term goals are based on activities over the next two or three years.
3. T A common long-term goal may involve saving for college for parents of a newborn child.
4. T Rent is considered a fixed expense.
5. F Flexible expenses stay about the same each month.

multiple choice

6. C The final phase of the budgeting process is to:
 - A. set personal and financial goals.
 - B. compare your budget to what you have actually spent.
 - C. review financial progress.
 - D. make adjustments to current spending
7. B An example of a long-term goal would be:
 - A. an annual vacation.
 - B. saving for retirement.
 - C. buying a used car.
 - D. completing college within the next six months.
8. D A clearly written financial goal would be:
 - A. "To save money for college for the next five years"
 - B. "To pay off credit card bills in 12 months"
 - C. "To invest in an international mutual fund for retirement"
 - D. "To establish an emergency fund of \$4,000 in 18 months"
9. B An example of a fixed expense is:
 - A. clothing.
 - B. auto insurance.
 - C. an electric bill.
 - D. educational expenses.
10. D is commonly considered a flexible expense.
 - A. Rent
 - B. A mortgage payment
 - C. Home insurance
 - D. Entertainment