



## TEST INFORMATION

This test was developed to enable schools to award credit to students for knowledge equivalent to that which is learned by students taking the course. The school may choose to award college credit to the student based on the achievement of a passing score. The ultimate passing score for each examination is determined by the school. The school is provided with a recommended passing score established by a national committee of college faculty who teach this course. The DSST program is approved by the American Council on Education (ACE), and the ACE provides both a recommended passing score and a recommended number of credits that could be awarded to successful students. Some schools set their own standards for awarding credit and may require a higher score than the ACE recommendation. Students should obtain this information from the institution from which they expect to receive credit.

The use of nonprogrammable calculators is permitted during the test. Scratch paper for computations will be provided. A calculator function is available during computer-based exams.

## CONTENT OUTLINE

The following is an outline of the content areas covered in the examination. The approximate percentage of the examination devoted to each content area is also noted.

### Personal Finance Exam Content Outline

- I. Foundations – 10%**
  - A. Financial goals, budgeting, financial statements, and cash management
  - B. Economic terminology
  - C. Institutional aspects of financial planning
  - D. Time value of money
- II. Credit and Debt – 15%**
  - A. Consumer credit
  - B. Bankruptcy

- III. Major Purchases – 15%**

- A. Auto
- B. Housing
- C. Other major purchases

- IV. Taxes – 15%**

- A. Payroll deductions
- B. Income
- C. Tax planning/estimating

- V. Insurance – 15%**

- A. Life policies
- B. Property and liability policies
- C. Health, disability, and long-term care policies

- VI. Investments – 15%**

- A. Saving accounts and money markets
- B. Stocks, bonds, and mutual funds
- C. Sources of information

- VII. Retirement and Estate Planning – 15%**

- A. Funding retirement
- B. Social Security
- C. Estate planning

## REFERENCES

The following references were used to create exam questions and may be useful as study materials. You are not allowed to use these references in the testing center.

1. *Personal Finance*, Eighth Edition, 2002, Robert S. Rosefsky, Wiley Publishing, 10475 Crosspoint Blvd., Indianapolis, IN 46256, [www.wiley.com/WileyCDA](http://www.wiley.com/WileyCDA).
2. *Personal Financial Planning*, 11th Edition, 2008, Lawrence Gitman and Michael Joehnk, South-Western, 20 Davis Drive, Belmont, CA 94002, [academic.cengage.com](http://academic.cengage.com).

## SAMPLE QUESTIONS

All test questions are in a multiple-choice format, with one correct answer and three incorrect options. You may want to review these samples for the type of questions that may appear on the exam.

- Which of the following resources could be used to evaluate the financial strength of an insurance company?
  - Morningstar
  - Best's
  - Dun & Bradstreet
  - Standard and Poor's
- Joe and Betty are both recent college graduates in their mid-20s and are working at junior executive positions in medium-size firms. They plan to get married in two months and hope to have a baby within the next three years. Which of the following short-term goals should they be considering now?
  - Accumulating a savings fund for their honeymoon
  - Establishing a retirement plan for themselves
  - Establishing a college tuition fund for their child
  - Accumulating a down payment for a house
- The federal income tax is considered a progressive tax because as a person's income rises the person's tax rate
  - remains the same
  - increases
  - decreases
  - fluctuates
- Which of the following types of bankruptcy is designed for debtors with regular incomes who must attempt to repay as much of the debt as possible within a certain time period?
  - Chapter 5
  - Chapter 7
  - Chapter 11
  - Chapter 13
- A lender is offering a fixed-rate loan with two points. If a family plans to purchase an \$80,000 house by putting 20% down and borrowing \$64,000, how much will the two points cost?
  - \$1,600
  - \$1,280
  - \$2,000
  - \$1,400
- Which of the following types of insurance provides an individual with a percentage of lost income due to physical or mental incapacity?
  - Health
  - Major medical
  - Disability
  - Umbrella
- A 65-year-old retiree with a 50-year-old spouse is considering various annuity payout options. Which of the following payout options would provide the retiree with the largest annual payment?
  - Straight life
  - Joint life
  - 20-year-certain
  - Refund
- A blue chip company is generally defined as a
  - new company whose stock trades over-the-counter
  - well-established company whose stock trades on the NYSE
  - 20-year-old limited partnership that is sold by stockbrokers
  - Three-year-old mutual fund whose stock trades on the NYSE
- An increase in the consumer price index (CPI) is generally an indication of
  - increased unemployment
  - increased inflation
  - continued recession
  - reduced trade deficit

**Answers to sample questions:** 1-B; 2-D; 3-B; 4-D; 5-B; 6-C; 7-A; 8-B; 9-B.

## CREDIT RECOMMENDATIONS

The Center for Adult Learning and Educational Credentials of the American Council on Education (ACE) has reviewed and evaluated the DSST test development process and has made the following recommendations:

Area or Course Equivalent	Personal Finance
Level	Lower level baccalaureate
Amount of Credit	Three (3) semester hours
Source	ACE Commission on Education Credit and Credentials

It is advisable that schools develop a consistent policy about awarding credit based on scores from this test and that the policy be reviewed periodically. Prometric will be happy to help schools in this effort.

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