

# Command Financial Specialist Pre/Post Test

Identifier: \_\_\_\_\_

Check all that apply:

**Status**

- Active Duty
- Retiree
- Family Member
- Other

**Gender**

- Male
- Female

**Rate/Rank**

- E-5 – E-6
- E-7 – E-9
- O-1 – O-3
- O-4 or above

**Time in Service**

- Less than one year
- 1 – 5 years
- 6 – 10 years
- 11 years or more

Please circle the correct answer. If you do not know the answer, please do not guess; select “E.”

1. An effective financial counselor:
  - A. Helps the client create solutions to identified problems
  - B. Does as much for the client as possible to relieve stress
  - C. Is capable of making quick judgment calls regarding a client
  - D. Has enough technical experience to get through a session asking a minimal amount of personal questions
  - E. Unknown
2. If a client cannot make payments on a car loan “secured” by the car, what can happen?
  - A. Lenders generally will give three months to catch up
  - B. They will only be sued for payments owed on the car even if it’s been repossessed
  - C. They will only be sued for the “Blue Book” retail value of the car
  - D. Lenders generally do not repossess the physical object because of wear and tear
  - E. Unknown
3. If a client gets into serious financial trouble, what is the strongest action the military can take?
  - A. Require counseling; require financial-management classes
  - B. Take away privileges; take away a rank
  - C. Stop a promotion; take away duty assignment; remove a security clearance; or even discharge
  - D. Report the information to all credit bureaus and affect the member’s credit
  - E. Unknown
4. What is the purpose of a spending plan?
  - A. To show all monthly budget items
  - B. To provide a paycheck-by-paycheck plan for paying expenses
  - C. To predict ahead of time when more credit will be needed
  - D. To show when too much is being paid for loans
  - E. Unknown
5. What are the first steps to effective personal financial management?
  - A. Saving enough money to invest, getting expert advice, and writing a will
  - B. Deciding if you will have a child, saving for retirement, and writing a will
  - C. Planning, buying a home, and getting insurance
  - D. Setting goals, planning, making a budget
  - E. Unknown
6. According to OPNAVINST 1740.5B, the three major tasks of the CFS are:
  - A. Budgeting, savings and investing, and counseling
  - B. Education and training, budgeting, and consumer advocacy
  - C. Education and training, information and referral, and counseling
  - D. Information and referral, resource library maintenance, and debt-management assistance
  - E. Unknown

7. The difference between pay and allowances is:
  - A. Generally, pay is taxed and allowances are not
  - B. Generally, only pay is taxed and allowances are only subject to Social Security deductions
  - C. Pay and allowances are both subject to income tax and Social Security deductions
  - D. Pay is subject to income tax and Social Security while allowances are subject to Social Security deductions
  - E. Unknown
8. What does a high interest rate do to the actual price of any item bought on credit?
  - A. It can raise the payment, which is the most important factor
  - B. On loans for less than \$1,000, it doesn't make much difference
  - C. It only matters on credit cards, since their rates are so high
  - D. It makes the item cost substantially more in total price
  - E. Unknown
9. Which saver will have more in an Individual Retirement Account (IRA) at age 65, assuming they all earn the same interest rate?
  - A. Saver who puts in a \$30,000 lump sum at age 35 and no more
  - B. Saver who put in \$3,000 every year from age 31 to age 36 and no more
  - C. Saver who puts in \$3,000 every year from age 30 to age 65
  - D. Saver who put in \$3,000 every year from age 18 to age 25 and no more
  - E. Unknown
10. Which of the following steps should be taken before entering into a sales contract?
  - A. Just skim the contract, because most are standard legalese and say the same things
  - B. Read the headings and the part above where you sign, and you'll know most of it
  - C. Take it home before you sign, read every word, use Navy Legal Services for advice
  - D. Ask the salesperson if there are any parts that could get you in trouble
  - E. Unknown
11. What is the difference between a scam and fraud?
  - A. Fraud concerns things that cost over \$1,000
  - B. Scams usually are legal but bad deals; fraud involves something illegal
  - C. Scams usually are illegal, fraud is legal but a bad deal
  - D. They really are two words that mean the same thing
  - E. Unknown
12. For military service members, what is the difference between a Letter of Indebtedness and a Letter of Intent?
  - A. The Letter of Indebtedness expresses a creditor's notification of a debt; the Letter of Intent expresses the debtors intent to pay it
  - B. A collection agency sends a Letter of Indebtedness; a bank sends a Letter of Intent
  - C. A Letter of Indebtedness is bad news; a Letter of Intent is good news
  - D. A creditor sends a Letter of Indebtedness; DoN CAF sends a Letter of Intent
  - E. Unknown
13. What is the total number of days the law allows for you to cancel a contract signed at the merchant's place of business?
  - A. Zero days
  - B. Three days
  - C. Ten days
  - D. Seven days
  - E. Unknown
14. The law that may allow service members to reduce interest rates to 6 percent on debts incurred before entering the service, maintain state of residency, require a court hearing before evicting, etc.
  - A. Federal Truth in Lending Law
  - B. There is no such law
  - C. Servicemembers Civil Relief Act
  - D. These issues are governed only by state law
  - E. Unknown

15. Which type of bankruptcy relieves the debtor of all payments and obligations including taxes, alimony, government debts and child support?
- A. Only a Chapter 7 bankruptcy, which “forgives” most debts
  - B. Only a Chapter 13 bankruptcy, which reorganizes debt payment
  - C. No bankruptcy relieves a person of government debts or family support
  - D. Both a Chapter 7 and a Chapter 13 let the debtor walk away from all debts
  - E. Unknown
16. How long does the record of a bankruptcy remain on one’s credit record?
- A. Two years for Chapter 7 and three years for Chapter 13
  - B. 10 years for any type of bankruptcy
  - C. 15 years for any type of bankruptcy
  - D. It remains on your credit record forever
  - E. Unknown
17. What can an individual do in their own defense if their credit report does not explain their side of a complicated credit problem?
- A. Insist the creditor remove the item
  - B. Sue the credit bureau to add their side of the story
  - C. There is nothing a consumer can do once a negative item is listed
  - D. Add a 100-word statement telling their side of the story
  - E. Unknown
18. All types of life insurance provide:
- A. Cash benefits should the policyholder die
  - B. Cash-surrender value should the policyholder live
  - C. Coverage for a specific amount of time
  - D. Low-interest loan and conversion rights
  - E. Unknown
19. Which statement is NOT true about credit reports?
- A. Every American gets a free credit report every two years
  - B. Anyone with a legitimate business interest can obtain your credit report
  - C. Credit reports are used when a security clearance is in question
  - D. Too many trade lines is not necessarily a good thing
  - E. Unknown
20. Who is the beneficiary of a service member’s SGLI (Servicemen’s Group Life Insurance) policy?
- A. Any children of the service member
  - B. Whomever the service member is married to
  - C. The parents of the service member
  - D. Whomever the service member names on the policy
  - E. Unknown
21. What type of program will allow you to pay less on your income taxes and create a retirement fund?
- A. CSB
  - B. TSP
  - C. Social Security
  - D. Medicare Savings Plan
  - E. Unknown
22. The Fleet and Family Support Centers:
- A. May provide emergency money to clients when they need it
  - B. Are available only for use by spouses and other family members
  - C. Refer all financial clients to outside resources after an initial assessment
  - D. May provide financial education and counseling when the CFS is unable or unavailable
  - E. Unknown
23. When you purchase stock, what are you buying?
- A. A share in the assets, earnings and losses of a company
  - B. A seat on the board of directors of a company
  - C. A chance to share in the increases of a stock but not the decreases
  - D. A share of a company’s stock that has no value until you sell
  - E. Unknown
24. Which of the following types of insurance will protect your future earnings if your dog bites your neighbor and you’re sued?
- A. Rider
  - B. Replacement cost
  - C. Umbrella
  - D. Comprehensive
  - E. Unknown

25. You have charged goods from a catalog, which billed your credit card but never sent the items. What does the Fair Credit Billing Act let you do?
- A. You have the right to receive the goods or double your money back
  - B. You can force the seller to give you the goods for free after 60 days
  - C. You can ignore the issue until you receive the goods or a refund
  - D. You can refuse, in writing, to pay that part of your bill until the matter is settled
  - E. Unknown
26. Net monthly pay is:
- A. What you make every payday
  - B. What you take home every payday
  - C. What you take home every month after income taxes and Social Security (FICA) are deducted
  - D. What you take home every month after income taxes, Social Security (FICA), and allotments are deducted
  - E. Unknown
27. What are the three ways to create a positive cash flow?
- A. Increase income, decrease living expenses, increase credit use
  - B. Decrease living expenses, increase income, decrease indebtedness
  - C. Increase income, increase credit use, decrease indebtedness
  - D. Increase income, increase credit use, decrease indebtedness
  - E. Unknown
28. Good financial management states your indebtedness should not exceed what percentage of your net income?
- A. 15
  - B. 20
  - C. 35
  - D. 38
  - E. Unknown
29. What is the best way to establish credit?
- A. Open a checking account
  - B. Open a savings account
  - C. Apply for a loan using your savings as collateral
  - D. All of the above
  - E. Unknown
30. What is the name of the monthly compensation your spouse and any children will receive from the government if you pass away on active duty?
- A. DIC
  - B. SDEA
  - C. TSP
  - D. SSA
  - E. Unknown
31. Which of the following is a premise of Solution-Focused Financial Counseling?
- A. It is long-term
  - B. It requires the counselor to take responsibility for solving the problem
  - C. It maintains a task-centered focus
  - D. It focuses on the past to correct the future
  - E. Unknown
32. Final Pay, High Three and REDUX military retirement pay plans are all examples of what?
- A. A defined-benefit retirement plan
  - B. Voluntary retirement programs
  - C. A defined-contribution retirement plan
  - D. Tax-advantaged retirement plans
  - E. Unknown