Financial Literacy Questionnaire

Thank you very much for participating in this research.

• Please be assured that **all of your answers will be completely ANONYMOUS and CONFIDENTIAL**. Therefore, please try to answer these questions as openly and honestly as possible.

Please enter your Student Number…………………………………………………...

1. What is your gender?

   Male 1
   Female... 2

2. What is your age……………………..
3. Which of the following best describes your race or ethnicity?

   White 1
   Black African.. 2
   Asian 3
   colored 4
   Other 5
   Prefer not to say 99

4. What is you marital status

   Married 1
   Single 2
   Separated... 3
   Divorced 4
   Widowed/widower.. 5
   Prefer not to say 99

5. How many family members are you in your family?..........................
6. In total how much money do you have in your bank account(s) and cash equivalence (money you have now and at home)? ……………..
7. Roughly how much money do you spend in a month?...
8. What is the name of the degree that you are studying? Specify eg Bcomm. General, Bcomm Economics etc……………………………………...
9. Which of the following best describes where you live?

   Rural 1
   Urban 2

10. Who in the household is most knowledgeable about saving, investing and debt?

    You 1
    Someone else 2
    You and someone else are equally knowledgeable.................................. 3
    Don't know 98
    Prefer not to say 99

These days, a lot of people are thinking about financial issues. We are interested in your opinions on some of these issues. Note: Only Circle ONE option ONLY.

11. When thinking of your financial investments, how willing are you to take risks? Please use a 10-point scale, where 1 means "Not At All Willing" and 10 means "Very willing."

Not At All Willing 1	2	3	4	5	6	7	8	9	Very Willing 10
1	2	3	4	5	6	7	8	9	10

Financial Assessment Survey Questions

Answer all the questions, circle the answer of your choice. You stand a chance to win R200 if you score the highest mark in the case of a tie a random selection will be carried.

1. Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income?
   A. When you need to buy a car to get a much better paying job.
   B. When you really need a week vacation.
   C. When some clothes you like go on sale.
   D. When the interest on the loan is greater than the interest you get on your savings.

2. Most lender's policies for extending credit are based on the "five Cs of credit." What are the five Cs of credit?
   A. Credit history, Crime record, Commitment, Collateral and Capacity
   B. Credit history, Cost of Credit, Credit Opportunity, Collateral, and Commitment
   C. Credit history, Conditions, Capacity, Capital, and Collateral
   D. Credit history, Credit consumption, Credit Opportunity, Credit File, and Credit report

3. Barbara has just applied for a credit card. She is an 18-year-old high school graduate with few valuable possessions and no credit history. If Barbara is granted a credit card, which of the following is the most likely way that the credit card company will reduce risk?
   A. It will make Barbara's parents pledge their home to repay Karen's credit card debt.
   B. It will require Barbara to have both parents co-sign for the card.
   C. It will charge Barbara twice the finance charge rate it charges older cardholders.
   D. It will start Barbara out with a small line of credit to see how she handles the account.
4. If you are behind on your debt payments and go to a responsible credit counselling service such as the Consumer Credit Counselling Services, what help can they give you?
   A. They can cancel and cut up all of your credit cards without your permission.
   B. They can get the government to apply your income taxes to pay off your debts.
   C. They can work with those who loaned you money to set up a payment schedule that you can meet.
   D. They can force those who loaned you money to forgive all your debts

5. Scott and Eric are young men. Each has a good credit history. They work at the same company and make approximately the same salary. Scott has borrowed R6,000 to take a foreign vacation. Eric has borrowed R6,000 to buy a car. Who is likely to pay the lowest finance charge?
   A. Eric will pay less because the car is collateral for the loan.
   B. They will both pay the same because the rate is set by law.
   C. Scott will pay less because people who travel overseas are better risks.
   D. They will both pay the same because they have almost identical financial backgrounds.
6. Many young people receive health insurance benefits through their parents. Which of the following statements is true about health insurance coverage?
   A. You are covered by your parents' insurance until you marry, regardless of your age.
   B. If your parents become unemployed, your insurance coverage may stop, regardless of your age.
   C. Young people don't need health insurance because they are so healthy.
   D. You continue to be covered by your parents' insurance as long as you live at home, regardless of your age.

7. If each of the following persons had the same amount of take home pay, who would need the greatest amount of life insurance?
   A. An elderly retired man, with a wife who is also retired.
   B. A young married man without children.
   C. A young single woman with two young children.
   D. A young single woman without children.

8. If you have caused an accident, which type of automobile insurance would cover damage to your own car?
   A. Comprehensive.
   B. Liability.
   C. Term.
   D. Collision.

9. Don and Bill work together in the finance department of the same company and earn the same pay. Bill spends his free time taking work-related classes to improve his computer skills; while Don spends his free time socializing with friends and working out at a fitness centre. After five years, what is likely to be true?
   A. Don will make more because he is more social.
   B. Don will make more because Bill is likely to be laid off.
   C. Bill will make more money because he is more valuable to his company.
   D. Don and Bill will continue to make the same money

10. Rob and Mary are the same age. At age 25 Mary began saving R2,000 a year while Rob saved nothing. At age 50, Rob realized that he needed money for retirement and started saving R4,000 per year while Mary kept saving her R2,000. Now they are both 75 years old. Who has the most money in his or her retirement account?
   A. They would each have the same amount because they put away exactly the same
   B. Rob, because he saved more each year

C. Mary, because she has put away more money
D. Mary, because her money has grown for a longer time at compound interest

11. Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?
A. A checking account.
B. Stocks.
C. A South African Government savings bond.
D. A savings account

12. Which of the following types of investment would best protect the purchasing power of a family's savings in the event of a sudden increase in inflation?
A. A 10-year bond issued by a corporation.
B. A certificate of deposit at a bank.
C. A twenty-five year corporate bond.
D. A house financed with a fixed-rate mortgage.

13. Inflation can cause difficulty in many ways. Which group would have the greatest problem during periods of high inflation that last several years?
A. Older, working couples saving for retirement.
B. Older people living on fixed retirement income.
C. Young couples with no children who both work.
D. Young working couples with children.

14. Rebecca has saved R12,000 for her college expenses by working part-time. Her plan is to start college next year and she needs all of the money she saved. Which of the following is the safest place for her college money?
A. Locked in her closet at home.
B. Stocks.
C. Corporate bonds.
D. A bank savings account.

15. David just found a job with a take-home pay of R2,000 per month. He must pay R900 for rent and R150 for groceries each month. He also spends R250 per month on transportation. If he budgets R100 each month for clothing, R200 for restaurants and R250 for everything else, how long will it take him to accumulate savings of R600.
A. 3 months.
B. 4 months.
C. 1 month.
D. 2 months.

16. Many people put aside money to take care of unexpected expenses. If Juan and Elva have money put aside for emergencies, in which of the following forms would it be of LEAST benefit to them if they needed it right away?
A. Invested in a down payment on the house.
B. Check account.
C. Stocks.
D. Savings account

17. Being on budget means:
    A. You pay bills every month at the due date
    B. You made a plan of your expenses to be less than or equal to your income
    C. You are earning enough money to be able to live well
    D. our bills are generally paid by every due date

18. Robbie buys a bottle of water from the vending machine for R1.25 and a candy bar for R1.35 every day when he arrives at his after-school job. Robbie makes R6.50 per hour and works for four hours each day. What percentage of his after-school gross pay is he spending for bottled water and candy?
    A. 20%
    B. 5%
    C. 10%
    D. 2.60%

19. Retirement income paid by a company is called:
    A. Grant.
    B. Pension.
    C. Rents and profits.
    D. Old age money.

20. What is an advantage of enrolling in your employer's pension fund?
    A. The amount you choose to contribute is automatically deducted from your pay check and deposited in your employee credit union account.
    B. The amount you choose to contribute is automatically deducted from your pay check and deposited in your savings account.
    C. The amount you choose to contribute is automatically deducted from your pay check and is sent to the Internal Revenue Service (IRS) to apply to your taxes for that year.
    D. The amount you choose to contribute is automatically deducted from your pay check and is not subject to tax until it is withdrawn--usually at retirement age.

21. Matt has a good job on the production line of a factory in his home town. During the past year or two, the state in which Matt lives has been raising taxes on its businesses to the point where they are much higher than in neighbouring states. What effect is this likely to have on Matt's job?
    A. Higher business taxes will cause more businesses to move into Matt's state, raising wages.
    B. Higher business taxes can't have any effect on Matt's job.
    C. Matt's company may consider moving to a lower-tax state, threatening Matt's job.
    D. He is likely to get a large raise to offset the effect of higher taxes.

22. Which of the following is true about Value Added Tax?
    A. The national sales tax percentage rate is 6%.
    B. The South African government will deduct it from your pay check.
    C. You don't have to pay the tax if your income is very low.
    D. It makes things more expensive for you to buy.

23. Suppose you had R100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?
    A. More than R102
    B. Exactly R102
    C. Less than R102

24. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?
    A. More than today
    B. Exactly the same
    C. Less than today

25. If interest rates rise, what will typically happen to bond prices?
    A. They will rise
    B. They will fall
    C. They will stay the same
    D. There is no relationship between bond prices and the interest rate 4

26. A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

    A. True
    B. False

27. Buying a single company's stock usually provides a safer return than a stock mutual fund.
    A. True
    B. False

28. Suppose you owe R1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?
    A. 2 years
    B. Less than 5 years
    C. 5 to 10 years
    D. More than 10 years

29. You owe R3,000 on your credit card. You pay a minimum payment of R30 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges?
    A. Less than 5 years
    B. Between 5 and 10 years
    C. Between 10 and 15 years

D. Never, you will continue to be in debt

30. You purchase an appliance which costs R1,000. To pay for this appliance, you are given the following two options: a) Pay 12 monthly installments of R100 each; b) Borrow at a 20% annual interest rate and pay back R1,200 a year from now. Which is the more advantageous offer?
    A. Option (a)
    B. Option (b)
    C. They are the same