

Test Your Money Smarts

By Evelyn Preston

Numbers! Acronyms! Jargon! All increasingly sneak into daily communication to spark our concerns. It's imperative to understand the many numbers/initials/terms that affect our daily lives and future plans.

I hope A050 readers will enjoy the quiz below, test their knowledge and be inspired to learn more about financial concepts that may even enhance their bottom line. Match the letter definition below that best describes or explains each numbered item. Answers below.



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|------------------|-----------------|---------------------------|
| 1. FICO ____ | 10. RMD ____ | 19. Rule of 72 ____ |
| 2. \$14,000 ____ | 11. \$4.95 ____ | 20. Ex-dividend date ____ |
| 3. \$2,000 ____ | 12. 10% ____ | 21. \$5,490,000 ____ |
| 4. 403b ____ | 13. 12b1 ____ | 22. FINRA ____ |
| 5. ETF ____ | 14. Muni ____ | 23. Fiduciary ____ |
| 6. 501c ____ | 15. 1-2% ____ | 24. \$1,000 ____ |
| 7. 70 ½ ____ | 16. 59 ½ ____ | 25. Stepped up basis ____ |
| 8. 1031 ____ | 17. 529 ____ | 26. ROTH ____ |
| 9. Trust ____ | 18. Will ____ | |

A - Additional amount allowed over contribution limits for retirement accounts after age 50.

B - IRS code that designates retirement contribution rules for public employees (teachers, nurses, etc.), non-profits and other tax-exempt organizations.

C - Small percentage of advertising/marketing fees added to the overall expense ratio assessed on certain classes of mutual funds.

D - Cost of a Baskin Robbins ice cream cone as of August 2017.

E - State sponsored college savings plans that offer tax-free savings for higher education costs.

F - The highest standard of responsibility set for an advisor, banker, etc. entrusted to handle financial decisions and investments in the best interests of a client assuring complete trust and confidence regardless of compensation received.

G - Debt securities issued by state and local governments and special districts/counties that are usually Federal and/or State tax free.

H - The yearly percentage fee financial planners commonly assess on a client's total assets under management.

I - The amount most qualified plan owners (IRAs, 401ks etc.) must withdraw each year beginning at a certain specified age required by the IRS.

J - Quick math calculation used to estimate number of years it will take compounding interest to double an investment at a specified rate of interest. i.e.: $72/10\% = 7.2$ yrs.

K - Current amount allowed as a non-taxable gift from one's estate to another party.

L - Fair Isaac Corp. calculated measure of individual creditworthiness based on payment history, amounts owed, types of credit, etc. as reported by the 3 major credit bureaus.

M - Offers the diversification of a mutual fund but can be traded daily like a common stock.

N - Legal instrument used to legally transfer assets to heirs without incurring estate taxes or going through probate—private, cost-efficient, and can be revocable.

O - The date of record when a mutual fund pays dividends and capital gains that should be considered when investing.

P - An exchange of like-kind investment properties under specific rules to defer capital gains taxes.

Q - Special IRS code for qualified tax-exempt non-profits and charities.

R - The current dollar limit of an individual Estate not subject to Federal tax upon death.

S - Increase in price of an asset to current value for tax purposes upon death of owner.

T - Earliest age for non-penalty withdrawal of funds for most retirement plan owners.

U - Retirement account using after-tax contributions to "lock in" the current tax rate; future withdrawals will be tax-free.

V - Penalty amount assessed (plus taxes) for early withdrawal of funds from qualified plans and annuities—some exceptions allowed.

W - Basic yearly contribution amount for a Traditional and Roth IRA.

X - Quasi-Govt. non-profit org. overseen by Congress for investor protection, market integrity and compliance regulation of Broker/Dealers.

Y - Legal instrument in which individual expresses last wishes, special instructions and specifies distribution of the estate; must be signed, dated and witnessed by at least 2 people.

Z - Age at which retirement plan owners must begin withdrawal of funds to avoid penalties.

Answers to Financial Quiz:

1-L, 2-K, 3-W, 4-B, 5-M, 6-Q, 7-Z, 8-P, 9-N, 10-I, 11-D, 12-V, 13-C, 14-G, 15-H, 16-T, 17-E, 18Y, 19-J, 20-O, 21-R, 22-X, 23-F, 24-A, 25-S, 26-U.

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