

Stock Market Exam

1. This type of private savings plan may be deducted from your NET income (post-tax) to help you retire successfully when you reach 65 years of age.

- A. 401K
- B. IRA
- C. Social Security
- D. Bank Savings Account
- E. Bank Checking Account

2. What financial number shows the relationship between how much a stock is actually worth and how much it is trading for? In other words, is it overrated and by how much?

Percent change

- A. Volume
- B. Dividend
- C. Interest
- D. None of these

3. What is the stock diversification theory?

- A. Find one profitable stock and invest heavily in it
- B. Focus on one profitable industry and invest heavily in it
- C. Hire a broker who will keep you constantly informed
- D. Invest your money in a variety of stocks
- E. None of these

4. This type of private savings plan may be deducted from your GROSS (pre-tax) income to help you retire successfully when you reach 65 years of age.

- A. 401K
- B. IRA
- C. Social Security
- D. Bank Savings Account
- E. Bank Checking Account

5. The main reason Social Security is failing is because there are now so many:

- A. Baby Busters
- B. Baby Boomers
- C. Baby Breakers
- D. Baby Boosters

6. How many companies are represented on the "Dow"?

- A. 6
- B. 12
- C. 30
- D. 500
- E. None of these

7. As a stockholder in a company, you are personally responsible and liable if the company you own stock in goes bankrupt. In other words, you will have to pay their debts.

- A. True
- B. False

8. The Baby Boomers are largely a result of:

- A. Civil War
- B. WWI
- C. Vietnam War
- D. The war in Afghanistan
- E. WWII

9. Why would a company issue stock?

- A. To gain publicity
- B. To raise money
- C. To abbreviate its official name
- D. To increase the CEO's power
- E. None of these

10. This index measures 500 stocks, both on the NYSE and NASDAQ.

- A. NYSE
- B. S&P 500
- C. NASDAQ
- D. DOW
- E. None of these are correct

11. The number of shares that have been traded on the market today is known as

- _____.
- A. Volume
 - B. Market cap
 - C. Dividend
 - D. Interest
 - E. None of these

12. The lowest point a stock has been the last year price-wise is known as the

- _____.
- A. Volume
 - B. Dividend
 - C. Market cap
 - D. Industry
 - E. None of these

13. What are the 2 major stock exchanges in the United States?

- A. NYSE
- B. S&P 500
- C. NASDAQ
- D. A & B
- E. A & C

14. This type of private savings plan is subject to income tax.

- A. 401K
- B. IRA
- C. All of the above
- D. None of the above

15. Which exchange is younger and traditionally trades newer, more high-tech companies?

- A. NYSE
- B. S&P 500
- C. NASDAQ
- D. DOW
- E. None of these are correct

16. Apple, Starbucks, and Netflix all trade on the _____.

- A. NASDAQ
- B. New York Stock Exchange
- C. Amex
- D. OTC
- E. None of these

17. This type of monetary growth is what allows your private retirement savings account to be worth so much when you reach 65 years of age, especially if you start at a young age.

- A. Compounding
- B. Compositing
- C. Complexing
- D. Combusting

18. This index measures 30 blue chip (the best) stocks on the NYSE and NASDAQ.

- A. NYSE
- B. S&P 500
- C. NASDAQ
- D. DOW
- E. None of these are correct

19. True/False – Individual investors have a lot of input into how a company is run on a day-to-day basis.

- A. True
- B. False

20. This index measures NASDAQ stocks only.

- A. NYSE
- B. S&P 500
- C. NASDAQ
- D. DOW
- E. None of these are correct

21. This stock exchange generally trades older, more establish companies.

- A. NYSE
- B. S&P 500
- C. NASDAQ
- D. DOW
- E. None of these are correct

22. In a _____ market, the market is rising. Which animal?

- A. Bull
- B. Bear
- C. Pig
- D. Chicken

23. What do you call money paid to stockholders at a regular interval to encourage them to invest in a company? You are paid a given amount for every share you own.

Percent change

- A. Volume
- B. Dividend
- C. Interest
- D. None of these

24. Unfortunately, this type of federally funded savings plan may not work as intended when you reach 65 years of age.

- A. 401K
- B. IRA
- C. Social Security
- D. Bank Savings Account
- E. Bank Checking Account

25. What effect did Franklin Delano Roosevelt have on the stock market?

- A. He increased commissions
- B. He encouraged the trading of penny stocks
- C. He increased the number of brokers allowed to trade
- D. He more heavily regulated the rules and regulations
- E. All of these

26. What does a company release every 3 months, causing some investors to buy or sell the stock just before the release?

- A. Brand new products
- B. News about corporate employees
- C. A new logo
- D. Earnings report
- E. All of these

27. _____ has caused the average person's interest in the stock market to grow exponentially over the last two decades.

- A. The stronger economy
- B. The internet and other technology
- C. Social media
- D. The growth of the middle class
- E. None of these

28. What does "IPO" stand for?

- A. Instant Product Opening
- B. Instinctual Purchase Order
- C. Incorrect Price Offer
- D. Initial Public Offering
- E. None of these

29. What governmental agency regulates the stock market?
- A. FCC
 - B. FTC
 - C. SEC
 - D. OSHA
 - E. None of these
30. What is the abbreviation a company assigns itself on the market(s) called?
- A. Ticker symbol
 - B. IPO
 - C. Bitly
 - D. AYO
 - E. None of these
31. What is the most common way an average person buys stock?
- A. Trade it personally on Wall St.
 - B. Through their work
 - C. Through a broker
 - D. Through friends and family
 - E. None of the above
32. The highest price a stock has been in the past year is known as the _____.
- A. 52 week low
 - B. 52 week high
 - C. Time to buy
 - D. Time to sell
 - E. None of these
33. In a _____ market, the market is falling. Which animal?
- A. Bull
 - B. Bear
 - C. Pig
 - D. Chicken
34. The key to protecting yourself and your money in the stock market is _____.
- A. Never taking a risk
 - B. Always having others make your decisions
 - C. Being educated about your investments
 - D. Investing in US markets only
 - E. None of the above
35. What is the difference between NASDAQ and the NYSE in terms of trading? How are stocks traded?
- A. The NASDAQ is traded face-to-face, while the NYSE trades on computers
 - B. The NYSE trades require lower commissions when completing transactions
 - C. The NASDAQ is located on Wall Street, but the NYSE is located only virtually (computers)
 - D. The NYSE is the trading area for newer, up and coming companies
 - E. None of these

36. Which of the following is NOT another term for “stock?”

- A. Shares
- B. Equity
- C. Cash flow

37. What effect did 9/11 have on the stock market in the short term (first two weeks after)?

- A. The market rose dramatically
- B. The market dropped dramatically
- C. Remained relatively the same
- D. All of these

38. Ideally, you should begin saving for your retirement at the age of:

- A. 18
- B. 21
- C. 30
- D. 40