

Financial literacy is for everyone.

Test your knowledge and learn more!



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IQTM
BY WFG

Hello! I'm Frugal, and I'm helping WFG on its mission to educate millions of people about money and to improve their FIQ!

What's FIQ? It stands for Financial Intelligence Quotient, and it assesses a person's financial resilience.

So... **what's financial resilience?** It's the measure of how prepared someone feels about managing the financial ups and down that can happen in life! Yep, there's so much that can happen in your lifetime that is exciting, but can also be unexpected. Our goal is to make sure that everyone is set up for success, regardless of the events that take place!

You're never too young or too old to better understand financial matters. Having this knowledge helps you make smart financial decisions. Additionally, part of being financially resilient is knowing about how money can work for you. That means to be resilient you need to increase your financial literacy and understand basic financial concepts.

We know you're smart. We just want to help build on your education, so that as you step into the world you stay curious, make wise financial decisions and have a high FIQ! Let's test your skills. Let's set some goals. And remember, any time you want you can test your FIQ and your financial literacy at www.MyFinancialIQ.com

Our WFG agents are always ready to help build financial knowledge, financial resilience and financial empowerment for every generation!



Financial Literacy Quiz

1. What is a budget?

- A. A savings account
- B. A plan on how you spend and save money
- C. Money set aside for impulse purchases
- D. A car rental company

2. What is a debit card?

- A. A card used to purchase items with "borrowed" funds you can pay back later
- B. A card tied to a bank account used to make purchases with money from that account
- C. It's the same as a credit card
- D. A card to purchase cool things

3. What does APR stand for?

- A. Average Penalty Rate
- B. Awesome Puppy Run
- C. Average Percentage Ratio
- D. Annual Percentage Rate

4. What is the purpose of life insurance?

- A. To help pay for expenses, such as burial costs and debts, if you pass away
- B. To provide financial protection for your loved ones
- C. To help your loved ones pay for future expenses should you die
- D. All of the above

5. What is a stock?

- A. A car race
- B. Merchandise for sale
- C. A type of investment that represents an ownership share in a company
- D. A certificate of deposit

6. What does a credit score evaluate?

- A. Whether you pay your credit card bills on time
- B. How much of your available credit you use
- C. How long you have had credit, the mix of credit types and how recently and often you've applied for credit
- D. All of the above can play a role in your credit score

7. What is the best credit score range?

- A. 300 - 629
- B. 630 - 689
- C. 619 - 719
- D. 720 - 850
- E. Over 850

8. What does the term IRA stand for?

- A. Individual Retirement Account
- B. Insurance & Retirement Agency
- C. I Read A lot
- D. Institutional Retirement Account

9. What is the difference between a fixed interest rate and a variable interest rate?

- A. A fixed interest rate is lower than a variable interest rate.
- B. A fixed interest rate is set by the government, while a variable rate is set by companies
- C. A fixed interest rate remains the same over time, while a variable rate can increase or decrease
- D. Fixed interest rates only apply to credit cards, while variable interest rates are only available on car loans

10. If you put \$100 into a savings account that earns 3% compound interest annually, how much money will be in the account after two years?

- A. More than \$103
- B. Less than \$103
- C. Exactly \$103
- D. More information is needed

11. What is the difference between net and gross pay?
- A. Net pay reflects taxes and other deductions, while gross pay is total income before any taxes or deductions
 - B. Gross pay is what you earn on an annual basis, where net pay is what you earn each month
 - C. Gross pay is the amount you earn after taxes and deductions, where net pay is the total amount you earn before taxes and other deductions
 - D. None of the above
12. What is the 50/30/20 Rule?
- A. You should spend 50% of your after tax income on anything you want, 30% on food and 20% on bills
 - B. 30% of your after tax income should be spent on rent and other required spending, 50% should be saved and 20% used to spend on anything you want
 - C. 50% of your after tax income should be spent on needs or obligations, such as food and rent/mortgage, 30% on things you may want to purchase and 20% for savings
 - D. None of the above
13. What is inflation?
- A. It's the rate of which prices for goods and services rise
 - B. It's the decrease in the cost of goods and services
 - C. It's the amount it costs to fill your tires
 - D. It's the amount it costs to buy a car
14. What is financial literacy?
- A. Being great at math
 - B. Understanding taxes
 - C. Having knowledge and understanding about how finances work
 - D. Being financially resilient
15. What is the definition of compound interest?
- A. Interest that is paid only once
 - B. Interest that is calculated on the original amount
 - C. Interest that is calculated on the total amount, including previous interest
 - D. Interest that is calculated on a monthly basis

16. What does liquidity refer to?
- A. The ability to quickly convert an asset into cash without significant loss
 - B. How much water you drink daily
 - C. The amount of money you owe to others
 - D. The amount of money you have saved for emergencies
17. What is the purpose of a student loan?
- A. To have extra spending money during school
 - B. To start a business
 - C. To finance higher education
 - D. To purchase a car
18. What is the purpose of a down payment when obtaining a loan?
- A. To increase the interest rate on the loan
 - B. To reduce the amount of the loan
 - C. To extend the repayment period
 - D. To skip the loan approval process
19. What does the term "principal" mean in relation to a loan?
- A. The interest charged on the loan
 - B. The length of time to repay the loan
 - C. The initial amount borrowed
 - D. The total cost of the loan including fees
20. What is the difference between a secured loan and an unsecured loan?
- A. A secured loan requires collateral, while an unsecured loan does not
 - B. A secured loan has a higher interest rate than an unsecured loan
 - C. A secured loan is used for business purposes, while an unsecured loan is for personal use
 - D. A secured loan is only available to individuals with a high credit score

Actions to achieve your short-term goals.

How much money do you have saved? How much do you need?

Things you can do to earn some money.

The Rule of 72

The Rule of 72 is a mathematical concept that approximates the number of years it will take to double the principal at a constant rate of return compounded over time. All figures are for illustrative purposes only, and do not reflect the risks, expenses or charges associated with an actual investment. The rate of return of investments fluctuates over time and, as a result, the actual time it will take an investment to double in value cannot be predicted with any certainty. Results are rounded for illustrative purposes. Actual results in each case are slightly higher or lower.

72 ÷ 2% = 36 At 2% money doubles nearly every 36 years		72 ÷ 4% = 18 At 4% money doubles nearly every 18 years		72 ÷ 6% = 12 At 6% money doubles nearly every 12 years	
YEARS	AMOUNT	YEARS	AMOUNT	YEARS	AMOUNT
Initial Amount	\$10,000	Initial Amount	\$10,000	Initial Amount	\$10,000
35	\$19,999	18	\$20,258	12	\$20,122
70	\$39,996	36	\$41,039	24	\$40,489
		53	\$79,941	36	\$81,473
				48	\$163,939



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Actions to achieve your long-term goals.




How much money do you have saved? How much do you need?

Things you can do to earn some money.

Power of Time

Time can be your greatest ally or your worst enemy. If you haven't started saving for your future, start now.

An example of saving \$2,500 per year, for 25 years, in a product earning 5% per year.*

	Person A	Person B	Difference
			
Age Started Investing	30	40	10 years
Principal Invested (25 years)	\$62,500	\$62,500	\$0.00
Age Stopped Investing	55	65	10 Years
Total Accumulation at age 65	\$204,074	\$125,284	\$78,790

* All figures are for illustrative purposes only and do not reflect an actual investment in any product. Additionally, they do not reflect the performance risks, taxes or charges associated with any actual investment, which would lower performance. This illustration is not an indication or guarantee of future performance. Contributions are made at the end of the period. All accumulation figures are rounded to the nearest dollar.



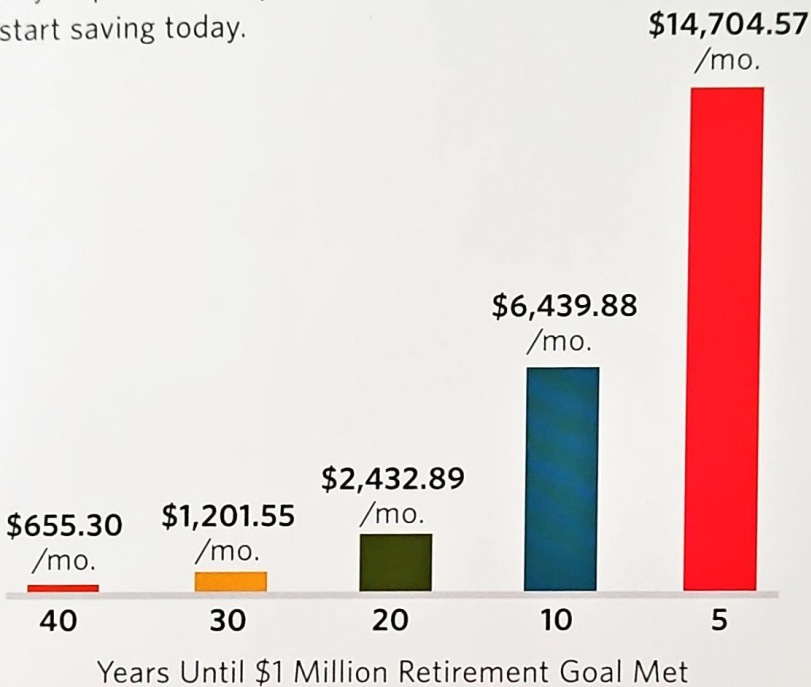
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The High Cost of Waiting

Time: Your worst enemy or greatest ally

Here is a hypothetical example of how the monthly amount required to reach \$1 million for retirement changes with how much time you have to hit that goal in a 5% tax-deferred account.*

The best way to put time on your side is to start saving today.



FYI: A tax-deferred savings account allows you to postpone paying taxes on the money in the account until you start making withdrawals.

* In this hypothetical example, a 5% compounded rate of return is assumed on monthly investments over different time periods. The example is for illustrative purposes only and does not represent any specific investment. It is unlikely that any one rate of return will be sustained over time. This example does not reflect any taxes, or fees and charges associated with any investment. If they had been applied, the period of time to reach a \$1 million retirement goal would be longer. Also, keep in mind, that income taxes are due on any gains when withdrawn.



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ready for what may come?

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World Financial Group.**



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an opportunity to learn.
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Created for children ages 10 - 15.

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