WHAT KIND OF A SPENDER ARE YOU?

1. **When planning your annual vacation, you:**
   - A) Wait until the last minute and inevitably feel that you've spent too much and that it wasn't really worth it.
   - B) Always mean to take a vacation, but when the time comes, you usually decide you can't spare the money.
   - C) Use money set aside in your budget for leisure.
   - D) Go "all out," reasoning that your job is stressful and you need the relaxation, no matter what the cost.

2. **When you receive your paycheck, you:**
   - A) Have money skimmed off the top for your 401(k) plan and various pre-tax spending accounts for medical and dependent care. You then put money in regular savings and college accounts for the kids. What's left is allocated among your budget items, with discretionary items like entertainment at the bottom.
   - B) Pay off all the bills that have been piling up since your last paycheck and find there's nothing left.
   - C) Go on a shopping spree; you'll pay the bills later.
   - D) Put it all in savings.

3. **Which of the following offers the highest interest rates?**
   - A) Treasury bills.
   - B) Money market mutual fund.
   - C) Bank certificates of deposit.
   - D) Bank money market account.

4. **What is the highest interest rate you pay on a credit card?**
   - A) You take what you can get.
   - B) 18 percent.
   - C) 5.9 percent, because you switch cards to the lowest introductory rate every few months.
   - D) 10 percent, but it doesn't matter because you pay off your credit bills each month.

5. Which best describes the way you make purchases?

- A) You've noticed a pattern of spending when you're happy or spending when you're sad.
- B) Sometimes you worry that you don't have the same things as your friends and then you spend to catch up.
- C) You spend in cycles, running up credit card debt and then paying it down.
- D) You budget for your spending, allowing for a few extravagances along the way, but generally buy only what is on your list.

6. What portion of your income do you save? Include retirement plans, college accounts, an emergency fund and regular savings.

- A) 10 to 15 percent.
- B) Nothing.
- C) 2 to 3 percent.
- D) 50 percent.

7. Add up all your debt — home mortgage, second home, cars, credit cards. Don't include items such as food or utilities. What percent of your monthly income does it represent?

- A) 35 percent or less.
- B) 50 percent.
- C) Not sure.
- D) About 40 percent.

8. When you get a raise, you typically:

- A) Don't notice.
- B) Go on a shopping spree.
- C) Promise yourself again that you will draw up a budget.
- D) Treat yourself to dinner out or some item you've been wanting and then allocate the rest to savings.

9. When you think about your financial situation, you feel:

- A) Hopeless. It seems that you keep falling further behind.
- B) Optimistic. You're buying lots of things and soon you'll be able to start saving.
- C) Confident. You're meeting the targets you've set for yourself.
- D) You think about it only late at night when you can't sleep.

10. A friend calls to tell you about a once-in-a-lifetime ski weekend. You have nothing set aside for such a trip. You:

- A) Decline and promise yourself that you'll start a ski fund.
- B) Review your credit card balances and try to get enough money from cash advances.
- C) Accept. You'll figure out the details later.
- D) Decide to take a loan from your 401(k), your dad, and your girlfriend. You've got to go!

11. When the monthly bills come in, you:

- A) Don't even notice. You have arranged for automatic bill paying at the bank.
- B) Pay the minimum on each one and throw it in the trash.
- C) Put them off until the second notice and then pay the minimum.
- D) Pay them once a month.

12. You've just been recruited for your first job after college. You:

- A) Draw up a budget and arrange to save 10 percent of your salary
- B) Decline to sign up for the company's 401(k) plan; retirement is a long way away.
- C) Borrow from your parents to buy a smashing work wardrobe and a new car.
- D) Arrange for lines of credit.

13. You're expecting your first baby. You:

- A) Draw up a new budget.
- B) Buy a bigger house.
- C) Treat yourself to a last super vacation as a couple.
- D) Feel depressed; you're not financially successful enough to be a parent.

14. Which investment portfolio is likely to earn the best return over 10 years?

- A) 85 percent stocks, 15 percent bonds.
- B) 100 percent bank certificates of deposit.
- C) 50 percent stocks, 50 percent bonds.
- D) 40 percent stocks, 30 percent bonds, 30 percent Treasury bills.

15. You've just received a $100,000 inheritance. You:

- A) Feel anxious. Dad didn't really enjoy his life because he was always scrimping and saving to leave that money to you.
- B) Adjust your portfolio of stocks and bonds, making it slightly more conservative. You don't need to take so many risks now that you have more capital.
- C) Quit your job and start the business you've been dreaming about.
- D) Go on a trip around the world.

16. You’re shopping for a home. You:

- A) Go for broke; you'll grow into the payments.
- B) Decide how much house you can afford before you shop and stick with it.
- C) You've been shopping for years, but you can't bring yourself to make such a big commitment.
- D) Realize you'll never own a home because your credit rating is too seriously impaired.

ANSWER KEY:

Question 1: C
Question 2: A
Question 3: A
Question 4: D (The rate is irrelevant because you pay the bill in full each month.)
Question 5: D
Question 6: A & D (If you’re saving 10 percent to 15 percent of your net pay each month, you’re doing great. If you’re saving 50 percent or more, that’s incredible.)
Question 7: A
Question 8: D Go ahead and have that celebratory dinner. You earned it. But then readjust your budget and try to save a little bit more with your new higher income.
Question 9: C If you know you’re meeting your objectives, you should feel confident.
Question 10: A Yes, it’s painful to turn down that getaway weekend. But if you don’t have the money, just say no.
Question 11: A If you’ve set up your budget properly, your bills are already factored into your account and many of them are paid seamlessly.
Question 12: A When you get that first job, draw up your first budget. Saving early and often pays big rewards.
Question 13: A A new child changes a family’s budget dramatically. Adjust accordingly.
Question 14: A Over the long term, stocks are your best investment bet. If you’re saving for several years out, put as much as you comfortably can into stocks.
Question 15: B The additional funds from an inheritance give you the luxury of becoming a bit more conservative in your investment strategy.
Question 16: B It’s tough to stay in a budget when you’re shopping for a home, but if you don’t, you could be house-rich and cash poor. Not a good combination.