

1.) Why do diversified ETFs typically have a lower expense ratio vis-a-vis an actively-managed fund? *[3 marks]*

---

---

---

---

2.) Explain the difference between the tax advantages of a traditional vs Roth IRA. *[4 marks]*

---

---

---

---

3.) As a student in college or high school, are you legally eligible to contribute to a Roth IRA? Explain your answer. *[4 marks]*

---

---

---

---

4.) Beyond the warm and fuzzy feeling you get after giving money to charity, what is the benefit to these contributions for your personal income? *[3 marks]*

---

---

---

---

5.) Why did Patrizi place his restaurant “Patrizi’s” under his umbrella corporation “Oxbow Eatery LLC?” *[4 marks]*

---

---

---

---

6.) If buying a home is advantageous from an asset acquisition standpoint, explain 3 reasons why people rent. *[3 marks]*

---

---

---

---

7.) Which economist do you most associate with the velocity of money? Milton Friedman, Friedrich Hayek, John Maynard Keynes, or Adam Smith? *[2 marks]*

---

---

---

---

8.) Alexis has good credit, a 20% downpayment, and is currently employed. A Wells Fargo banker offers her a 15% mortgage interest rate on a \$200k mortgage.

- i) How should Alexis respond to the offer?
- ii) What is the principal for this potential transaction?
- iii) If Alexis accepts, what would be the approximate first year’s interest?

---

---

---

---

9.)

Use the tax bracket information to calculate the tax payment for a single filer with 1 personal exemption making \$65,000 per year who makes \$1,500 in charitable contributions. Standard deduction is \$12,000.

Gross income: \$65,000

Standard deduction: \_\_\_\_\_

Charitable Contribution \_\_\_\_\_

Total Taxable Income \_\_\_\_\_

\$0 - \$9,525 @ 10% \_\_\_\_\_

\$9,526 - \$38,700 @ 12% \_\_\_\_\_

\$38,701 - \$82,500 @ 22% \_\_\_\_\_

Net income: \_\_\_\_\_ Taxes owed to IRS: \_\_\_\_\_

Marginal Tax Rate: \_\_\_\_\_ Effective Tax Rate: \_\_\_\_\_

10.) Before you learned about the low expense ratio ETF called "VOO," you invested in another low expense ratio ETF called "SPY." They are both S&P 500 ETFs, but SPY has an expense ratio of 0.09% while VOO has an expense ratio of 0.05%.

If you had \$40,000, how much money would you have lost if you hadn't learned about VOO and instead kept all your money in SPY? Assume S&P 500 gains 7.7%, you retire in 45 years, and you never contribute to his Roth IRA again.

(Show calculations please)

---

---

---

11.) Viktoria develops a resistance-training device and sells it at her gym for \$24.99. If the device costs her \$8.67 to produce, what is her profit margin?

---

---

12.) Alyze invests \$100 to purchase an Adobe Photoshop license and begin freelance image editing. Her first job pays her \$35.

Rashim Oberoi, President of Simply 7 Snacks, invests \$1,000,000 in an additional packing machine. He estimates he'll be able to profit an additional \$221,465 from the investment each year.

Which investment is better from only a return-on-investment perspective in year 1?

---

---

---

13.) Kayla and Ishaq are negotiating the terms of a housing rental and agree on a contract: Kayla is the property owner and gets the high rent she wanted, the 2-year duration that she desired, and also increased the security deposit to 2 month's rent. Ishaq did not get any of the terms he desired and leaves the negotiation frustrated.

Who won the negotiation and why?

---

---

---

---

---

---