

Chapters 9 & 12 Review Questions

Chapter 9

1. What are the two major types of stock issued by companies? What are the advantages and disadvantages of each?
2. Why do corporations issue stock?
3. Why do investors buy stock? What are the 3 ways investors make money from stocks?
4. What are the 5 classifications of stocks based on the products sold and stability of the company? Give an example of each of the 5 types
5. What are the 3 classifications of stocks based on the market capitalization of the company? Give an example of each.
6. What are the two phrases used to describe the market as a whole? What is happening in each of these markets? Which one are we in right now?
7. What are some of the stock measures that are used to determine how stocks are valued?
8. Where are shares of stock sold? Which market are you probably going to buy them on?
9. There are 3 types of orders that you can buy stock on. What are they?
10. Name and describe the 3 long term strategies for investing in the stock market.
11. Name and describe the 3 short term strategies for investing in the stock market.
12. Compare the long term and short term strategies... which one is safer?

Chapter 12

1. There are 4 types of taxes that are typically paid. List them and give a brief description and examples of each.
2. What is a tax deduction? What are some examples of things that are tax deductible?
3. What is a tax exclusion?
4. What is a tax credit?
5. What is tax deferred income? Tax exempt? Taxable?
6. What does it mean to *itemize* on your taxes?
7. How do a majority of Americans pay their income tax?
8. If you do not have payroll withholding to pay your income tax, how do you make payments?
9. Who can be claimed as a dependent?
10. List and explain some of the documents that are used when filing your taxes.
11. What is a tax audit?