

# How I Studied for the Personal Finance DSST Exam

*by Annie Margarita Yang*

I took the Personal Finance DSST exam today and passed with a 441 out of 500. Passing score is 400, so I got three college credits.

Below are the exam details as found on the DSST fact sheet.

This exam was developed to enable schools to award credit to students for knowledge equivalent to that learned by students taking the course. This exam tests the ability to understand credit and debt; major purchases; taxes; insurance; investments; and retirement and estate planning.

The exam contains 100 questions to be answered in 2 hours.

## EXAM CONTENT OUTLINE

The following is an outline of the content areas covered in the examination. The approximate percentage of the examination devoted to each content area is also noted.

1. Foundations of Business - 10%
  - Financial goals, and values
  - Budgeting and financial statements
  - Cash Management
  - Economic terminology
  - Institutional aspects of financial planning
2. Credit and Debt - 15%
  - Credit and debit cards
  - Installment loans
  - Interest calculations
  - Federal credit laws
  - Creditworthiness, credit scoring and reporting
  - Bankruptcy
3. Major Purchases - 15%
  - Auto, furniture, appliances
  - Housing
4. Taxes - 15%
  - Payroll
  - Income

- IRS and audits
  - Estate and gift
  - Tax planning/estimating
  - Progressive vs regressive
  - Other (excise, property, sales, gas)
  - Tax Professionals
5. Insurance - 15%
- Risk management
  - Life policies
  - Property and liability policies
  - Health, disability and long-term care policies
  - Specialty insurance (e.g. professional, malpractice, antiques)
  - Insurance analysis and sources of information
6. Investments - 15%
- Liquid Assets
  - Bonds
  - Equities
  - Mutual funds and exchange traded funds
  - Other (e.g. commodities, precious metals, real estate, derivatives)
  - Sources of information
  - Time value of money
  - Asset/portfolio allocation
7. Retirement and Estate Planning - 15%
- Terminology (vesting, maturity, rollovers)
  - Qualified retirement accounts (e.g IRA, Roth, IRA, SEP, Keogh, 401(k), 403(b))
  - Social Security benefits
  - Wills, trusts and estate planning
  - Tax-deferred annuities

[http://getcollegecredit.com/assets/pdf/dsst\\_fact\\_sheets/DSST\\_Personal\\_Finance\\_2016.pdf](http://getcollegecredit.com/assets/pdf/dsst_fact_sheets/DSST_Personal_Finance_2016.pdf)

After the exam, I decided to look up how DSST exams are scored. The scoring scale ranges from 200 to 500 and is criterion-referenced standard setting. This means that regardless of how well other test takers of the same exam do, my score is not affected.

[http://getcollegecredit.com/assets/pdf/DSST\\_Exam\\_Scoring\\_FEB2016.pdf](http://getcollegecredit.com/assets/pdf/DSST_Exam_Scoring_FEB2016.pdf)

I already knew a lot of the information that I needed to study for this exam. I teach personal finance... I should know it.

There was knowledge that I learned in microeconomics and macroeconomics that helped me understand some concepts that were covered on this exam, as some concepts overlapped. Some concepts are GDP, business cycles, recession, unemployment, supply and demand, US fiscal policy, and US monetary policy.

And I know I complain about MLM, but I've been to enough financial service MLM presentations where the recruiter tried to sell himself as a financial planner/life insurance sales agent, that I could answer the questions on insurance just fine. At least I got something out of attending these sales presentations.

I learned about retirement planning from Dave Ramsey's *Financial Peace University* and also from the work experience I had working at Bay Ridge Financial Group.

<http://www.daveramsey.com/fpu/>

I read this Wikipedia article on debt

<https://en.wikipedia.org/wiki/Debt>

And then I read this Wikipedia article on credit

[https://en.wikipedia.org/wiki/Credit\\_\(finance\)](https://en.wikipedia.org/wiki/Credit_(finance))

After that, I read this guide written by Michael Jay on how to buy a house. The link includes only a summary of the whole process, but I read (skimmed) through all 21 steps. I never bought a house before—neither did my parents—so the entire process was mysterious to me. If you bought a house before, then this website serves as a refresher for you.

<http://michaelbluejay.com/house/basics.html>

Taxes were also mysterious to me and my experience of taxes is probably similar to many people in their 20s. My parents help me file my taxes, so the whole subject is perplexing to me. If you file your own taxes and understand what form is used for what, then this part of the exam will be easy for you. I studied taxes by watching youtube videos, which actually explained the subject very clearly.

<https://www.youtube.com/watch?v=CyDsCulyZS8>

<https://www.youtube.com/watch?v=ujdN7uK5kDk>

<https://www.youtube.com/watch?v=bGyEF5zTxJY>

I used InstantCert to make sure that I would get used to answering personal finance questions. The questions are fill in the blank, which exercise the brain more actively than multiple choice.

<http://www.instantcert.com/>

And then the last resource I used before taking this exam was Quizlet. Quizlet offers a 333 question multiple choice exam and it covers every area you need to know. I took it once and got a 99% and used

that as an indicator that I was ready to take the official exam.

[https://quizlet.com/68156475/test?mult\\_choice=on&prompt-with=1&limit=333](https://quizlet.com/68156475/test?mult_choice=on&prompt-with=1&limit=333)

There was an awful lot of questions on insurance and underwriting on the exam.

During the exam, I had some difficulty with taxes, auditing, and time-value of money questions.

The videos I watched to learn about taxes were helpful, but not a single question was about which tax form/code is for what. More useful to know are the different kinds of taxes that exist (federal income, social security, medicare, sales, excise, property, estate, etc.)

I didn't study auditing at all. I recommend briefly reading a Wikipedia article on it. It's helpful to know anyway in case one day the IRS decides to pick on you for an audit.

I didn't know much about time-value of money. During the test, I assumed it was about the decline in purchasing power of your money as time passes. There were 2-3 questions on this. Not that important, but you should read about it anyway.

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