



Lesson Ten

Saving And Investing

name: _____

date: _____



setting your financial goals

Short-range goal (within 1 month)

Goal: _____

Estimated Cost \$ _____

Target Date \$ _____

Monthly Amount \$ _____

Medium-range goal (2-12 months)

Goal: _____

Estimated Cost \$ _____

Target Date \$ _____

Monthly Amount \$ _____

Long-range goal (more than 1 year)

Goal: _____

Estimated Cost \$ _____

Target Date \$ _____

Monthly Amount \$ _____



calculating interest



directions

Calculate the interest earned in the examples below.

1. You put \$200 in a savings account that pays 5% simple interest each year. How much interest will you earn in five years?

$$\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

Deposit x Interest Rate x Number of Years = Interest Earned

What will the total value of your account be? _____

2. You put \$150 in a savings account that pays 6% compounded yearly. How much interest will you earn in three years?

$$(\underline{\hspace{2cm}} + \underline{\hspace{2cm}}) \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

(Deposit + Earned Interest) x Interest Rate = Interest Earned

$$(\underline{\hspace{2cm}} + \underline{\hspace{2cm}}) \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

(Deposit + Earned Interest) x Interest Rate = Interest Earned

$$(\underline{\hspace{2cm}} + \underline{\hspace{2cm}}) \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

(Deposit + Earned Interest) x Interest Rate = Interest Earned

What will the total value of your account be? _____

3. You put \$1000 into a savings account that pays 6.5% simple interest rate each year. How much will you have in your account at the end of twelve years?

$$\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

Deposit x Interest Rate x Number of Years = Interest Earned

What will the total value of your account be? _____



savings choices



directions

In the space provided, write the letter of the savings account or savings method the statement represents. You may use a letter more than once.

1. _____ A combination of a checking and savings account. Interest rates vary with the size of the balance.
2. _____ Combines the benefits of a checking and savings account. Interest is paid each month on unused money in the account.
3. _____ Interest rates are usually the same as passbook account.
4. _____ Bank pays a fixed amount of interest, on a fixed amount of money, for a fixed amount of time.
5. _____ Interest rate is usually lower than passbook or statement accounts.
6. _____ Penalty is usually charged if money is withdrawn before expiration date.
7. _____ A booklet must be presented for every deposit or withdrawal.
8. _____ The account holder can only write a limited number of checks each month.

- A. Passbook account
- B. Statement account
- C. Interest-earning checking
- D. Certificate of Deposit
- E. Money-market account



lesson 10 quiz: saving your money

choose the correct answer.

1. _____ **“Paying yourself first” refers to:**
 - a. saving money on a regular basis.
 - b. buying what you want when you get paid.
 - c. putting money in a checking account to pay bills.
 - d. putting your whole paycheck into savings immediately.

2. _____ **Which of these are not factors to consider when choosing a savings account?**
 - a. interest rates
 - b. fees, charges, and penalties
 - c. balance requirements
 - d. passbook prices

3. _____ **The lowest interest rate is usually earned on a:**
 - a. money-market account.
 - b. passbook account.
 - c. certificate of deposit.
 - d. checking account.

4. _____ **The highest interest rate is usually earned on a:**
 - a. money-market account.
 - b. passbook account.
 - c. certificate of deposit.
 - d. checking account.

5. _____ **An advantage of putting savings in a Certificate of Deposit (CD) is that:**
 - a. there is no access to the money during a set period of time.
 - b. it is risk-free.
 - c. it is very risky but pays high interest.
 - d. it has a penalty to withdraw money early.



lesson 10 quiz: investing your money

choose the correct answer.

1. — How many years would it take money earning 6 percent interest to double? Use the rule of 72.
 - a. 6 years
 - b. 8 years
 - c. 9 years
 - d. 12 years

2. — The amount of money received from an investment is called:
 - a. a portfolio.
 - b. the return.
 - c. an individual retirement account.
 - d. all of the above.

3. — Which of these pays investors a fixed interest rate for a fixed period of time?
 - a. Stocks
 - b. Bonds
 - c. Mutual funds
 - d. IRAs

4. — Which of these allows an investor to own a part of a company?
 - a. Stocks
 - b. Bonds
 - c. Mutual funds
 - d. IRAs

5. — Professionally-managed portfolios made up of a variety of investments are called:
 - a. Stocks.
 - b. Bonds.
 - c. Mutual funds.
 - d. IRAs.