*Saving and Investing Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

***Directions: Using Chp 20 and the packet, complete the following. Do both sides.***

1. List three benefits of saving money:

1)

2)

3)

1. Identify the following types of savings accounts and investments using the words provided.

|  |  |  |  |
| --- | --- | --- | --- |
| IRA | Savings Account | Mutual Fund | Stocks |
| Checking Account | CD | Money Market Account | Savings Bond |

* An account that allows you to write checks. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* A type of savings in which you “deposit” money with the government, which they will pay back with interest \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* An simple account that allows you to save money and pays you interest \_\_\_\_\_\_\_\_\_\_
* Allows you to buy partial ownership in a company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* A savings account that requires you to keep your money in the account for a certain length of time \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* A savings account that allows you to write checks for large amounts \_\_\_\_\_\_\_\_\_\_\_\_
* Pools of money that allows several people to invest in stocks and bonds \_\_\_\_\_\_\_\_\_\_
* A retirement plan that allows you to deposit money tax free \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. Using the above terms, list the major advantage and disadvantage for each.

|  |  |  |
| --- | --- | --- |
| ***Type of Savings/Investment*** | ***Advantage*** | ***Disadvantage*** |
| Checking Account |  |  |
| Savings Account |  |  |
| CD |  |  |
| Money Market Account |  |  |
| Stocks |  |  |
| Mutual Fund |  |  |
| Savings Bond |  |  |
| IRA |  |  |

1. Which type of savings/investment has the lowest risk (not losing money)? Which one has the highest risk (losing a lot of money)? Why?
2. Which type of saving/investment offers the highest return (makes a lot of money)? Which one has the lowest return (makes a little money)?
3. Explain the relationship between risk and return?
4. For each of the following, identify the type of account that would be most helpful.
* You need money to pay for clothes, shoes, and other wants. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* You are trying to save money to pay for college. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* You want to retire at the age of 60. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* You have a large amount of money to invest and you are a risk taker. \_\_\_\_\_\_\_\_\_\_\_\_
* You want to invest in a secure, long term investment. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* You own a business and make large deposits but also have to write large checks. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* You need money to pay for food, housing and a car payment. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* You want to save money to buy a car. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* You are given $2000 dollars by your grandfather that you have to invest or you lose it. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* You and a group of friends want to invest together. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_