

Choose to Save

	Total Points Earned
25	Total Points Possible
	Percentage

Name _____

Date _____

Class _____

Directions: Match the correct term with the correct definition by placing the letter on the appropriate blank.

- | | |
|--|------------------|
| 1. _____ How quickly and easily assets can be accessed and converted into cash. | |
| 2. _____ The price of money. | A. Assets |
| 3. _____ The portion of current income not spent on consumption. | B. Goal |
| 4. _____ Everything an individual or household owns with monetary value. | C. Interest |
| 5. _____ A measurement of how much a person or household owns once all debts have been paid. | D. Interest Rate |
| 6. _____ The percentage rate paid on money invested or saved. | E. Liquidity |
| 7. _____ The original amount of money saved or invested. | F. Principal |
| 8. _____ The end result of something a person intends to acquire, achieve, do, reach, or accomplish. | G. Savings |
| | H. Wealth |

Directions: Fill in the blank to complete each statement.

9. A saving strategy that states to set aside a predetermined portion of money for saving each time a person is paid before using any of the money for spending is called: _____
10. A _____ is giving up one thing for another.
11. _____ is the value of the next best alternative that must be forgone as a result of a decision.
12. Earning interest on interest is _____.

Directions: Answer the following questions by writing a short answer.

13. Describe how to use each of the factors affecting time value of money to maximize the amount of savings earned. (3 points)

Time	
Money	
Interest Rate	

14. Why do experts suggest that your emergency savings be in a very liquid savings tool?

15. Explain why “pay yourself first” is an essential component of personal financial management.

16. What are three ways people can find money to save?

17. Why is it important to set goals when saving?

Directions: Determine if each statement is true or false and indicate T for true and F for false.

18. ____ It is important to consider opportunity cost and trade-offs when determining how to save money.

19. ____ Experts suggest that emergency savings equal to 6-9 months of a person’s expenses be held in liquid assets for unplanned events.

20. ____ The longer an individual invests money for, the more compounding interest accrues.

21. ____ An important part of the savings process is to write a savings goal.

22. ____ It is important to have a low interest rate when saving.

23. ____ Savings is an investment asset on the Statement of Financial Position.