

Study Guide Score... 35 Name \_\_\_\_\_

Deduct. .... Date \_\_\_\_\_ Class \_\_\_\_\_

Your Score. ....



# Using Your Savings Plan

## STUDY GUIDE

### PART I

Directions: In the *Answers* column at the right, write the *letter* or *letters* corresponding to the phrase(s) that correctly complete(s) each statement. (Note: More than one answer may be required.)

	ANSWERS	For Scoring
1. Savings accounts continue to be a popular part of savings and investment plans because (A) they are advertised so much, (B) they are easy and convenient to use, (C) they pay the highest rate of interest of any investment, (D) money deposited in them is safe. ....	_____	1 _____
2. A money market account is sometimes preferred to a regular savings account because this account (A) pays a higher rate of interest than does a regular account, (B) is convenient for a person who saves a few dollars each week, (C) provides greater safety than does the regular savings account, (D) has fewer restrictions. ....	_____	2 _____
3. Savings accounts may be opened at (A) commercial banks, (B) savings and loan associations, (C) credit unions, (D) the Federal Reserve Bank. .	_____	3 _____
4. A long-term savings account that offers a relatively high rate of interest compared to other accounts is (A) a regular savings account, (B) a money market account, (C) a CD. ....	_____	4 _____
5. A special savings plan that encourages you to save for your retirement is (A) a regular savings account, (B) an IRA, (C) a CD. ....	_____	5 _____

### PART II

Directions: Indicate your answer by placing the letter of the term in the blank to the right of its definition. Questions 5 and 6 appear on page 170.

- |                            |                                        |
|----------------------------|----------------------------------------|
| A. regular savings account | D. certificate of deposit (CD)         |
| B. withdrawal slip         | E. individual retirement account (IRA) |
| C. money market account    | F. savings account register            |

	ANSWERS	For Scoring
1. A written request to take money out of your account. ....	_____	1 _____
2. A long-term deposit that has certain restrictions and pays higher interest rates than a regular savings account. ....	_____	2 _____
3. A special account that pays a variable interest rate based on rates paid to holders of short-term government debt. ....	_____	3 _____
4. A tax-sheltered retirement plan that allows certain workers to invest up to \$2,000 annually and pay no tax either on that sum or on its earnings until the money is withdrawn. ....	_____	4 _____

5. A savings plan with a low or no minimum balance and the ability to make withdrawals at almost any time. .... \_\_\_\_\_
6. A record in which you record deposits, withdrawals, interest earned, and the balance of your savings account. .... \_\_\_\_\_

For Scoring
5. _____
6. _____

**PART III**

*Directions:* Below are four statements about savings accounts. Read each one carefully and place a check mark in the appropriate column at the right to indicate whether you agree or disagree with the statement. Then briefly explain why you agree or disagree.

STATEMENT	AGREE	DISAGREE	For Scoring
1. Registers are important in maintaining savings account records. ... Explanation: _____	_____	_____	1. _____
2. It is not necessary to get a receipt when making a deposit to a savings account if you have a savings account register or are using electronic funds transfer. .... Explanation: _____	_____	_____	2. _____
3. Money market accounts pay higher interest rates than regular savings accounts. .... Explanation: _____	_____	_____	3. _____
4. IRAs have tax advantages that help make them attractive savings plans. .... Explanation: _____	_____	_____	4. _____

Name \_\_\_\_\_

## ACTIVITIES

### Applying Math Skills

Use the forms below to record the following savings account transactions. Assume that the account is yours.

1. On July 1 your account balance is \$210. Record the balance in the savings account register.
2. On July 15 you deposit a \$10 check you received from your grandparents on your birthday and \$55 in currency from your earnings on a part-time job (account number 824-111-81). After completing the deposit slip, record the deposit in the account register and add it to the previous balance.
3. On September 6 you withdraw \$48 from your savings account to buy books and supplies needed for school. After completing the withdrawal form, record the transaction in your account register.
4. On September 15, you record \$3.58 in interest received from the bank which was added to your account. Your savings account register should now show your original balance, the deposit of July 15, the withdrawal of September 6, the interest entry of September 15, and the new balance.

DATE	MEMO	(-) AMOUNT OF WITHDRAWAL		(+) AMOUNT OF DEPOSIT		(+) INTEREST CREDITED		BALANCE	

### Savings Deposit

## Vera Cruz Savings Bank

This Deposit Accepted Subject To Regulations  
At This Bank

\_\_\_\_\_  
(NAME)

\_\_\_\_\_  
(ACCOUNT NUMBER)

	DOLLARS	CENTS
CURRENCY _____		
COINS _____		
CHECKS { TOTAL FROM REVERSE SIDE		
CASH RETURN _____		
AMOUNT DEPOSITED		

### SAVINGS DEPARTMENT WITHDRAWAL

RECEIVED FROM

## VERA CRUZ BANK Vera Cruz, Ohio

Date \_\_\_\_\_ 20\_\_\_\_

Amount Withdrawn \_\_\_\_\_

Dollars

Sign Here \_\_\_\_\_

and Charge to Account No. \_\_\_\_\_

**Applying Thinking Skills**

For each of the situations below, decide which type of savings plan would be most appropriate. Write the letter in the space provided.

- A. regular savings account
- B. money market account
- C. certificate of deposit
- D. individual retirement account

**ANSWERS**

- 1. Ana is willing to put a minimum amount in savings for a set time period to earn a higher rate of return. .... \_\_\_\_\_
- 2. Jamie wants to save a set amount each week for basketball camp next summer. .... \_\_\_\_\_
- 3. Robin plans to open an account with a small amount and wants to be able to easily obtain her money. .... \_\_\_\_\_
- 4. Rogelio plans to save for 30 years for his financial future after he stops working. ... \_\_\_\_\_
- 5. Dean wants his savings to earn money based on changes in current interest rates. .. \_\_\_\_\_
- 6. Cameron has \$5,000 that he wants to leave in savings for three years until he starts college. .... \_\_\_\_\_
- 7. Nicole has \$50 to open an account and is not sure how often she will be able to make additional deposits. .... \_\_\_\_\_