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| NGPF_LG.png | *Saving**2.1 Saving Basics**Comprehension Questions* |

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| **Name** |  |

Saving Basics

1. Experts recommend you save money in an "emergency fund." Which of these represents an expense where the emergency fund would be particularly useful?
   1. Monthly rent
   2. $150 speeding ticket
   3. Occasional fancy dinner or vacations
   4. Car insurance
2. What three words can be an effective mantra to encourage personal savings?
   1. Pay expenses first
   2. Save later on
   3. Just spend it
   4. Pay yourself first
3. Fill in each blank with one of the following words: ASSETS, DEBT, MONEY, SAVING, WEALTH.

[ ] is calculated by subtracting your total [ ] from your total [ ].

1. Select all statements that describe SAVING, rather than INVESTING.

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| **Select** | **Statement** |
|  | Risky, because you may lose money |
|  | Money is deposited into a savings account |
|  | Money is deposited into a 401(k) |
|  | Is great for short-term goals, like a new phone or car |
|  | Is the best strategy for planning a happy retirement |
|  | Money grows slowly, or not at all, depending on interest rate and inflation |

1. Which of these does NOT represent a reason you should contribute regularly to a savings account?
   1. Ensure you have enough rent money for next month
   2. Work toward saving enough for a car or home down payment
   3. Avoid borrowing money or paying credit card interest by having enough savings to pay cash for new smartphone
   4. Reduce amount of student loans needed by saving in advance for college
2. Use numerals to fill in the blank correctly.

Though you can never save **﻿too** ﻿much, experts recommend you save [ ] % of your paycheck.

1. True or False: The majority of Americans have an emergency fund and sufficient amounts of money saved for retirement.
   1. True
   2. False
2. Mark whether each statement represents a good strategy for saving money.

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| **Yes** | **No** | **Statement** |
|  |  | Save as much as possible, even if it means you can't afford to pay your bills |
|  |  | Consider whether purchases are needs or wants, and avoid buying too many "wants" |
|  |  | Set aside part of each paycheck to save first, and then build your budget around that |
|  |  | Focus on paying off student loans and buying a car and house first, THEN invest for retirement |
|  |  | Try to reduce costs on the items you need to buy by comparison shopping, using coupons, etc. |

1. Which of these is an example of "delayed gratification" when it comes to spending or saving money?
   1. Do your online shopping later in the day, once you've had time to really think it through
   2. Pack your lunch instead of dining out each day, and save all that money for a vacation
   3. Live life to your fullest while you're in your teens and 20s, then begin saving for retirement once you turn 30
   4. Whenever possible, pay with credit card so you don't have to actually make a payment until your bill is due
2. Why is investing a better option than saving when it comes to planning for retirement?
   1. Investing usually has lower interest rates, so it offers a better deal
   2. Investing is guaranteed to produce the large sum of money needed for a happy retirement
   3. Investing begins as soon as you open a bank account, so you can start early in life
   4. The stock market historically has returns higher than the rate of inflation, so your money can actually grow