# **Investing Money Comprehension Check**

1. Which of the following are considered investments?
   1. Savings account
   2. Collectables
   3. Checking account
   4. Real estate
   5. Bond
   6. Stock
   7. Debit card
   8. Loan
   9. Mutual fund
2. True or False: A bond is an agreement to pay the holder a certain amount of money after a certain amount of time.

1. True or False: Bonds are considered to be riskier than stocks.
2. True or False: A stockbroker is a person who only buys and sells stocks for themselves.
3. True or False: Appreciation is an increase in the value of an investment.

1. True or False: Diversification means keeping your money in one investment.
2. What is a “share” of stock?
3. Look back to pages 16 and 17. Why didn’t Jenny promise to pay her friends back?
4. Look back to pages 24-25 as well as 28-29. How did Stock decide that his investment in PC’s Lemonade was worth the risk?
5. What did Stock do before making any type of investment in order to make sure he was taking on the least amount of risk possible?

# **Investing Money Comprehension Check Answer Key**

1. Which of the following are considered investments?
   1. Savings account
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2. True or False: A bond is an agreement to pay the holder a certain amount of money after a certain amount of time.
   1. True
3. True or False: Bonds are considered to be riskier than stocks.
   1. False
4. True or False: A stockbroker is a person who only buys and sells stocks for themselves.
   1. False

1. True or False: Appreciation is an increase in the value of an investment.
   1. True
2. True or False: Diversification means keeping your money in one investment.
   1. False
3. What is a “share” of stock?

A share of stock is a portion of a corporation that an investor can own.

1. Look back to pages 16 and 17. Why didn’t Jenny promise to pay her friends back?
   1. Jenny did not promise to pay her friends back because she did not take out a loan from them. Instead, they invested in her company and received shares of stock. When Jenny’s company makes a profit, she will share it with her shareholders/friends.
2. Look back to pages 24-25 as well as 28-29. How did Stock decide that his investment in PC’s Lemonade was worth the risk?
   1. Stock did his research and considered how likely it would be for PC’s Lemonade to make a profit in the future. Stock weighed his options carefully.
3. What did Stock do before making any type of investment in order to make sure he was taking on the least amount of risk possible.
   1. Stock researched each of the possible investments before deciding to put money into them. Stock also consulted with a stockbroker to make sure the risks were worth the reward.