# **Saving Money Comprehension Check**

For questions 1-5, match each vocabulary term to the correct definition:

|  |  |
| --- | --- |
| 1. Checking Account | a. a special savings account that earns more interest than most savings accounts. You often must deposit a large sum of money to open one. |
| 2. Savings Account | b. a kind of savings account where a deposit earns a set interest as long as it is held over a set period. |
| 3. Certificate of Deposit (CD) | c. an account at a bank or credit union to safely hold money and usually earn a small amount of interest. |
| 4. High-Yield Savings Account | d. a cooperative banking association operated exclusively for the benefit of its members. |
| 5. Credit Union | e. a kind of bank account that offers easy access to deposited funds and pays written checks. |

1. Checking Account
2. Savings Account
3. Certificate of Deposit (CD)
4. High-Yield Savings Account
5. Credit Union
6. What does Piggy Bank consider when making a weekly budget?
7. What type of information should you include in a savings plan?
8. List at least two examples of major purchases people often save their money to make.
9. What is interest and how does it work in a savings account?
10. Why is it important to know how to save money effectively?

# **Saving Money Comprehension Check Answer Key**

For questions 1-5, match each vocabulary term to the correct definition:

|  |  |
| --- | --- |
| 1. Checking Account | a. a special savings account that earns more interest than most savings accounts. You often must deposit a large sum of money to open one. |
| 2. Savings Account | b. a kind of savings account where a deposit earns a set interest as long as it is held over a set period. |
| 3. Certificate of Deposit (CD) | c. an account at a bank or credit union to safely hold money and usually earn a small amount of interest. |
| 4. High-Yield Savings Account | d. a cooperative banking association operated exclusively for the benefit of its members. |
| 5. Credit Union | e. a kind of bank account that offers easy access to deposited funds and pays written checks. |

1. Checking Account = E
2. Savings Account = C
3. Certificate of Deposit (CD) = B
4. High-Yield Savings Account = A
5. Credit Union = D
6. What does Piggy Bank consider when making a weekly budget?
   1. When making a budget, Piggy Bank considers how much money they already have, their weekly income, and the cost of needs such as rent and food. Piggy Bank does not consider other wants and instead budgets that money for savings.
7. What type of information should you include in a savings plan?
   1. A savings plan should include a savings goal, your income, a budget for your needs, a plan for how much to save, and how long it will take to reach that goal.
8. List at least two examples of major purchases people often save their money to make.
   1. People might save their money in order to make a major purchase such as a college education or a down payment on a house.
9. What is interest and how does it work in a savings account?
   1. Interest is the amount of money, usually a percentage, the borrower is charged to borrow a set amount of money. In a savings account, the bank is the borrower and the account owner earns interest.
10. Why is it important to know how to save money effectively?
    1. It is important to know how to save money effectively to make major purchases and to save for emergencies. Knowing how to save is a major part of being money smart.