

lesson twelve

saving and investing



student activities

name: _____

date: _____



setting and prioritizing your financial goals

short-range goal (within 1 month)

Goal: _____	Objective	\$ _____
_____	Estimated Cost	\$ _____
_____	Target Date	\$ _____
_____	Monthly Amount	\$ _____

medium-range goal (2–12 months)

Goal: _____	Objective	\$ _____
_____	Estimated Cost	\$ _____
_____	Target Date	\$ _____
_____	Monthly Amount	\$ _____

long-range goal (more than 1 year)

Goal: _____	Objective	\$ _____
_____	Estimated Cost	\$ _____
_____	Target Date	\$ _____
_____	Monthly Amount	\$ _____



selecting mutual funds

directions

For each of the investment situations below, select the type of mutual fund that would be most appropriate from this list:

Balanced Fund

Income Fund

Global Bond Fund

Industry Fund

Global Stock Fund

Municipal Bond Fund

Growth Fund

Regional Stock Fund

1. A person wants an international mutual fund without the risks associated with stocks.
2. An investor wants tax-exempt income from investments.
3. An investor is interested in investing in health-care stocks.
4. A person wants to invest in stocks from around the world.
5. A person is interested in long-term growth for future financial security.
6. An investor seeks to buy stock in companies located in Europe.
7. A retired person desires investment earnings to provide for current living expenses.
8. A person wants to invest in a blend of stocks and bonds.
9. An investor wants to invest in debt instruments issued by state and local governments.
10. A person expects growth of companies in Latin America.



test your knowledge of saving and investing

directions

Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. How long would it take to double your money in an account that paid 6% per year?
2. What interest rate would double your money in 5 years?

In the space provided, write the letter of the savings account or savings method the statement represents.

- | | |
|-------------------------------------|---|
| a) Passbook account | d) Time deposit (Certificate of Deposit) |
| b) Statement account | e) Money-market deposit account |
| c) Interest-earning checking | |
-
3. _____ A combination of a checking and savings account. Interest rates, which are based on a complex structure, vary with the size of your balance.
 4. _____ Combines the benefits of a checking and savings account. Interest is paid each month on unused money in the account.
 5. _____ You can only write a limited number of checks each month.
 6. _____ Bank pays a fixed amount of interest, on a fixed amount of money, for a fixed amount of time.
 7. _____ Penalty is usually charged if money is withdrawn before expiration date.
 8. _____ Interest rate is usually lower than passbook or statement accounts.



test your knowledge of saving and investing (continued)

In the space provided, write the letter of the investment vehicle the statement represents.

- a) Bonds
- b) Mutual funds
- c) Stocks
- d) Real estate
- e) Keogh plan

9. ____ This type of investment offers an excellent protection against inflation.
10. ____ A retirement plan for the self-employed.
11. ____ Issuer agrees to pay investors a fixed interest rate for a fixed period of time.
12. ____ You can contribute each year to this tax-deferred account.
13. ____ Penalty is usually charged if money is withdrawn before expiration date.
14. ____ Professionally managed portfolios made up of stocks, bonds, and other investments.
15. List the four most important factors to consider when shopping for a savings account.
16. List the four main differences between saving and investing.



lesson twelve quiz: saving and investing

true-false

1. ____ A certificate of deposit must be held for a set amount of time such as six months or a year.
2. ____ Compound interest refers to money earned from buying a tax-exempt investment.
3. ____ A share of stock represents ownership in a company.
4. ____ A mutual fund is an investment issued by a state or local government agency.
5. ____ Treasury bonds are a safer investment than real estate.

multiple choice

6. ____ The lowest interest rate is usually earned on a:
A. money-market account
B. passbook account
C. certificate of deposit
D. mutual fund
7. ____ The total interest earned on \$100 for two years at 10 percent (compounded annually) would be:
A. \$2
B. \$21
C. \$11
D. \$10
8. ____ Based on the rule of 72, money earning 6 percent would take about ____ years to double.
9. ____ An example of a company's debt is a:
A. corporate bond
B. share of stock
C. mutual fund
D. municipal bond
10. ____ The investment with the most risk would be:
A. a savings account
B. U.S. Treasury bonds
C. corporate stocks
D. corporate bonds

case application

The Johnson family includes Marv (age 34), Gail (33), Andrew (8), and Molly (4). What are some investment goals that might be appropriate for this family? What types of investments might be used to achieve these goals?