

QUIZ ♦ Chapter 6, Section 1

WHY SAVE?

SCORE

Matching: Place a letter from Column B in the blank in Column A. (10 points each)

A

- _____ 1. saving
- _____ 2. interest
- _____ 3. time deposits
- _____ 4. maturity
- _____ 5. certificates of deposit

B

- a. savings plans that require savers to leave their money on deposit for certain periods of time
- b. time deposits that state the amount of the deposit, maturity, and rate of interest being paid
- c. payment people receive when they lend money or allow someone else to use their money
- d. setting aside income for a period of time so that it can be used later
- e. time at which deposits will pay a stated rate of interest

Multiple Choice: In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. The saving of money by an individual
 - a. benefits the whole economy.
 - b. deprives others of money to invest.
 - c. lowers the standard of living.
 - d. benefits the saver only.
- _____ 7. With which kind of account does a depositor receive a booklet in which to record deposits, withdrawals, and interest?
 - a. statement savings account
 - b. money market deposit account
 - c. certificate of deposit
 - d. passbook savings account
- _____ 8. A money market deposit account
 - a. pays relatively high interest rates.
 - b. pays low interest rates.
 - c. requires no minimum balance.
 - d. allows unlimited withdrawals.
- _____ 9. Interest rates on certificates of deposit depend on
 - a. minimum balance.
 - b. length of maturity.
 - c. number of withdrawals.
 - d. federal insurance.
- _____ 10. Most savings institutions in the United States
 - a. are not insured by federal agencies.
 - b. insure deposits over \$1 million.
 - c. insure deposits up to \$100,000.
 - d. charge a fee for insurance.

QUIZ ◆ Chapter 6, Section 2

I INVESTING: TAKING RISKS WITH YOUR SAVINGS

SCORE

Matching: Place a letter from Column B in the blank in Column A (10 points each)

A

- _____ 1. stockholders
- _____ 2. capital gain
- _____ 3. savings bonds
- _____ 4. brokers
- _____ 5. mutual fund

B

- a. company that pools the money of many individuals to buy investments
- b. people who have invested in a corporation and own stock
- c. people who act as go-betweens for buyers and sellers of stocks and bonds
- d. bonds issued by the federal government as a way of borrowing money
- e. increase in value of an asset

Multiple Choice: In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. The money return a stockholder receives on the amount invested in a company is a
 - a. capital loss.
 - b. dividend.
 - c. bond.
 - d. risk.

- _____ 7. All corporations are required to
 - a. pay dividends.
 - b. pay a fixed rate of interest.
 - c. issue stock.
 - d. make a profit.

- _____ 8. Which of the following is purchased at half the face value?
 - a. tax-exempt bond
 - b. mutual fund
 - c. Treasury note
 - d. savings bond

- _____ 9. Which of the following investments has the greatest risk?
 - a. stock market
 - b. savings bonds
 - c. Treasury bill
 - d. mutual fund

- _____ 10. What do Treasury bills, Treasury notes, and Treasury bonds have in common?
 - a. all mature in the same amount of time
 - b. all pay the same interest rate
 - c. all are exempt from federal income tax
 - d. all are issued by the federal government

Q U I Z ♦ Chapter 6, Section 3

SPECIAL SAVINGS PLANS AND GOALS

SCORE

Matching: Place a letter from Column B in the blank in Column A. (10 points each)

A

- _____ 1. pension plan
- _____ 2. Keogh Plan
- _____ 3. IRA
- _____ 4. Roth IRA
- _____ 5. diversification

B

- a. private retirement plan that allows people to save a certain amount of untaxed income with tax-deferred interest
- b. private retirement plan that taxes income before it is saved
- c. company plan that provides for retirement income
- d. spreading of investments to lower overall risk
- e. retirement plan for self-employed individuals

Multiple Choice: In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. A major benefit of a private or personal pension plan is
 - a. penalty-free withdrawal of funds.
 - b. deferred federal income tax.
 - c. higher tax rate.
 - d. no federal income tax.

- _____ 7. The trade-off for investing in real estate is
 - a. never getting your money back.
 - b. not being able to get your money back quickly.
 - c. being able to sell the property on short notice.
 - d. making a large profit.

- _____ 8. Investing savings in several different types of accounts
 - a. lowers the overall risk.
 - b. increases the risk.
 - c. is a risk-free investment.
 - d. is only for self-employed people.

- _____ 9. The interest earned on contributions to a Roth IRA
 - a. is tax-free forever.
 - b. is taxed when you withdraw funds.
 - c. is taxed yearly.
 - d. is taxed at a high rate.

- _____ 10. The most risk-free investment is
 - a. real estate.
 - b. mutual funds.
 - c. an insured passbook savings account.
 - d. stock.