Name____ Period__________

Value of Savings

Directions: Complete the following questions.

1. Why don't people save?

- Average American saves less than 5% of their paycheck.
- We want more
- No future goals
- Money doesn't earn a lot of interest
- Credit is easily available
- Adequate job security

2. Why should we save?

- Emergencies–recommended to have 3-6 months of salary
- Expenses
- Future Purchases
- Investing
- Security
- To reach financial goals
- To have the option of taking advantage of unforeseen opportunities

3. What are some ways you save money?

- Jar-every time you get a raise put that money in savings
- Have a purpose
- Go without (opportunity cost)

4. What does pay yourself first take?

It takes:

- Commitment
- Discipline
- Delayed gratification

5.Types of Savings Accounts

Account	Description	Benefits	Trade-Offs
Savings Account	▪ Simplest way to earn interest on small amount of money for future expenses, while keeping money readily accessible and earning interest on your money.		
Passbook	▪ Depositor receives a booklet in which deposits, withdrawals, and interest are recorded. ▪ Average interest rate is lower at banks and savings and loans than at credit unions. ▪ Funds are easily accessible		
Statement accounts	▪ Basically the same as a passbook account, except depositor receives monthly statements instead of a passbook. ▪ Accounts are usually accessible through 24-hour automated teller machines (ATMs). ▪ Interest rates are the same as passbook account. ▪ Funds are easily accessible.		
Interest –	▪ Combines benefits of checking and		

Earning Checking Account	savings. ▪ Depositor earns interest on any unused money in his/her account.		
Money-Market Deposit Account	▪ Acts like a checking account that pays interest ▪ Checking/savings account. ▪ Interest rate paid built on a complex structure that varies with size of balance and current level of market interest rtes. ▪ Can access your money from an ATM, a teller, or by writing up to three checks a month	Higher interest rates than regular savings accounts. Immediate access to your money.	Limited number of withdrawals each month. Limited number of checks can be written each month. Average yield (rte of return) higher than regular savings accounts.
Certificates of Deposit	▪ What they are and how they work – require you to keep your money in account for fixed period of time, five or more year. The longer the term, the larger the deposit, the higher the interest ▪ Bank pays a fixed amount of interest for a fixed amount of money during a fixed amount of time.	Higher interest rate than regular savings account. No Risk. Simple. No fees.	Withdrawal penalty if cashed before expiration date. Restricted access to your money.

6. Who Protects Savers?

a. FDIC- Federal Depository Insurance Corporation
-Insures funds in a federally chartered bank up to $100,000 per account.
-Created in 1933 to maintain public confidence and stability

b. SAIF- Savings Association Insurance Fund
-Insures funds in a savings and loans institution up to $100,000 per account.

c. NCUA- National Credit Union Association
-Insures funds in a credit union up to $100,000 per account.

Name____ Period_______

Value of Savings

Directions: Complete the following questions.

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2. Why should we save?

3. What are some ways you save money?

4. What does pay yourself first take?

It takes:

5.Types of Savings Accounts

Account	Description	Benefits	Trade-Offs
Savings Account			
Passbook			
Statement accounts			

Interest – Earning Checking Account			
Money-Market Deposit Account			
Certificates of Deposit			

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