Name____ Period______

VOCABULARY VALUE OF SAVING
Student Worksheet

PRIMARY VOCABULARY

1. **Savings:**

2. **Risk:**

3. **Return:**

4. **Liquidity:**

5. **FDIC- Federal Depository Insurance Corporation:**

6. **SAIF- Savings Association Insurance Fund:**

7. **NCUA- National Credit Union Association:**

8. **Savings Account:**

9. **Passbook Savings Account:**

10. **Statement Accounts:**

11. **Interest – Earning Checking Account:**

12. **Money-Market Deposit Account:**

13. **Certificate of Deposit:**

SUPPLEMENTARY VOCABULARY

14. **Bathtub Analogy**:

15. **Compounding Interest:**

16. **Fixed Interest Rate:**

17. **Inflation:**

18. **Interest:**

19. **Interest Rate:**

20. **Investing:**

21. **Money Market Account:**

22. **Pay Yourself First:**

23. **Principal:**

24. **Rule of 72:**

25. **Savings Account:**

26. **Savings Bonds:**

27. **Simple Interest:**

28. **Time Value of Money:**

VOCABULARY VALUE OF SAVING
Teacher Key

PRIMARY VOCABULARY

1. Savings: is the portion of current income not spent on consumption.
Investments: Investing is the purchase of assets with the goal of increasing future income.

2. Risk: The chance that the value of an investment will decrease.

3. Return: The profit or yield from an investment.

4. Liquidity: The ability of an investment to be converted into cash quickly without loss of value.

5. FDIC- Federal Depository Insurance Corporation: Insures funds in a federally chartered bank up to $100,000 per account.

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

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

8. Savings Accounts: Simplest way to earn interest on small amount of money for future expenses, while keeping money readily accessible and earning interest on your money.

9. Passbook Savings Account: Depositor receives a booklet in which deposits, withdrawals, and interest are recorded.

10. Statement Accounts: Basically the same as a passbook account, except depositor receives monthly statements instead of a passbook.

11. Interest – Earning Checking Account: Combines benefits of checking and savings. Depositor earns interest on any unused money in his/her account.

12. Money-Market Deposit Account: Acts like a checking account that pays interest. Interest rate paid built on a complex structure that varies with size of balance and current level of market interest rtes.

13. Certificate of Deposit: a deposit that earns a fixed interest rate for a specified length of time, the longer the time period the greater the rate of return; however, there is a substantial penalty for early withdrawal.

SUPPLEMENTRY VOCABULARY

14. Bathtub Analogy: The analogy that income is water coming into a bathtub, wealth is the water in a bathtub, and expenses are the water coming out of a bathtub.

15. Compounding Interest: Earning interest on interest.

16. Fixed Interest Rate: The interest rate will not change for the lifetime of the investment.

17. Inflation: Steady rise in the general level of prices. Occurs when the supply of money rises faster than the supply of goods and services available for purchase.

18. Interest: Price of money.

19. Interest Rate: Percentage rate paid on the money saved or invested expressed as an annual percentage rate.

20. Investing: The purchase of assets with the goal of increasing future income.

21. Pay Yourself First: Taking out a portion of a paycheck for saving or investing before using any of the check for spending.

22. Principal: The original amount invested, borrowed, or saved.

23. Rule of 72: Formula figuring the number of years it takes to double principle using compound interest. This is found by dividing the interest rate the money will earn into the number 72.

24. Savings Account: An account to hold money not spent on consumption.

25. Savings Bonds: Promissory notes issued by federal government

26. Simple Interest: Interest earned on the principal (original) investment

27. Time Value of Money: A calculations which adjust for the fact that dollars to be received or paid out in the future are not equivalent to those received or paid out today because of compounding interest.