

Chapter 5 – Savings Accounts

I-Summary

This chapter helped you understand savings. Saving money requires hard work and dedication. The amount you save depends on your deposits, withdrawals, amount of interest your money earns, and when it's compounded.

I-Quiz

1. When you fill out a *withdrawal slip*, you plan to:
 - A. take money out of your account
 - B. put money in your account
 - C. find out how much money is in your account
2. What is *compound interest*?
 - A. the interest earned on the principal
 - B. the interest earned on the principal and interest
 - C. the amount of interest your money earned the first year it was in the bank
3. In an *annuity due savings plan*, money is deposited and *starts earning interest*:
 - A. at the end of the year
 - B. at the end of interest periods
 - C. at the start of an interest period
4. What does the bank send you that shows all deposits, withdrawals, and interest?
 - A. a bill
 - B. an account statement
 - C. a check
5. What is the *annual* interest rate?
 - A. the percent of the principal you earn as interest based on one year
 - B. the percent of the principal you earn as interest based on one month
 - C. the percent of the principal you owe as interest based on one year

Answer Key

- 1. A**
- 2. B**
- 3. C**
- 4. B**
- 5. A**