Saving and Investing: Worksheet

Personal Finance · Worksheet for https://jugami.com/personal-finance/saving-and-investing/ · For instant feedback, try the self-guided quiz online.

Name _____ Date _____

Directions: Use fictional figures only. Do not use real account numbers or family data. These problems are practice, not advice and not a recommendation of any product. Show work for calculation items. Leave space under each problem for your answer.

1. In your own words, define **principal** as the word is used in this unit.

Answer:

2. Investor.gov says money invested in securities, mutual funds, and similar products is not federally insured. In two sentences, explain what that means for the amount someone invests.

Answer:

3. A fictional insured savings account is described as earning **1%** in a year while prices in general rise **3%** that same year. Does that account’s purchasing power grow, shrink, or stay about the same? Explain in one or two sentences.

Answer:

4. Using the lesson's teaching model (interest added once a year, no extra deposits, fees, or taxes), find the balance of a fictional **$400** starting amount after **2 years** at **3%**. Show both years.

Answer:

5. For a fictional **$250** starting amount at **2%** for **2 years**, compute:

- the simple-interest total (interest on the original $250 only);
- the teaching-model compound total (annual compounding);
- the dollar difference.

Show each step.

Answer:

6. The Rule of 72 is only an estimate. About how many years does that shortcut suggest for money to double at **9%**? Show the division, and add one sentence about what "estimate" means here.

Answer:

7. Maya, a fictional depositor, has **$180,000** in a savings account at FDIC-insured Bank A in a single-ownership category, and **$90,000** in a savings account at FDIC-insured Bank B in the same kind of category. Using only the standard FDIC amount described in the lesson, is each of those balances within that standard coverage? Why does it matter that the money is at two insured banks?

Answer:

8. TreasuryDirect says marketable Treasury securities can be sold before they mature. What can happen to the price a seller would get? Does this lesson recommend buying or holding any Treasury product? Answer in two sentences.

Answer:

9. In one or two sentences each, define **asset allocation** and **diversification** as FINRA uses those ideas in the lesson (do not prescribe a mix for anyone’s real money).

Answer:

10. A student buys two mutual funds that both hold the same group of large-company stocks. Why might that pair not add much diversification?

Answer:

11. Match each term to the best short definition (use each definition once):

- Compound interest
- Inflation
- Diversification
- Full faith and credit (as used for Treasuries in this lesson)

Definitions: (a) a general rise in prices that can reduce what money will buy later; (b) interest earned on principal and on interest already added; (c) a U.S. government backing that is not the same as FDIC deposit insurance; (d) spreading investments among and within asset classes, which manages risk but does not erase it.

Answer:

12. After one year in the teaching model at **3%**, a fictional balance is **$412.00**. What was the starting principal? Show the step.

Answer:

13. Why does this page refuse to tell a household how to split real money between saving and investing? Write a short paragraph that uses the education-not-advice idea.

Answer:

14. Safety habits: List two private details students should never share when practicing personal-finance problems in class.

Answer: