

it's Your Life... Are You Ready?



Test Your Knowledge about Savings: Answers

Check your answers and see how much you already know—and what you need to learn!

1. Answers **a** and **d** are correct. **Paying yourself first** means putting some of your income into a savings account before paying bills, and putting tax refunds or cash gifts in a savings account before spending the money.
2. Answer **f** (all of the above) is correct. Saving is important so that you can have money for emergencies; achieve your financial goals; manage your money better; and improve your standard of living.
3. Answers **b** and **d** are correct. Of the choices given, the ways that you can save for retirement are to invest in stocks, bonds, or mutual funds; and enroll in a 401(k) or 403(b) plan.
4. Answers **b** and **d** are correct. Of the choices given, those that are good strategies to apply when selecting the savings or investment option that is best for you are to choose savings/investment products that match your risk tolerance; and re-evaluate your savings/investments periodically.
5. Answer **e** (all of the above) When establishing goals for saving money, you should consider the amount of money you want to save; the timeframe of when you need to access the money saved; the ways you can cut spending and save; and the annual percentage yield (APY) of different savings products.
6. Answer **a** is correct. Of the choices given, the one that is considered a **need** rather than a **want** is paying rent/mortgage.
7. Answers **a**, **b**, and **d** are correct. Of the choices given, the ones that will help you save money are to Pay your bills on time to avoid late fees/extra charges; consider opening a checking account rather than using a check-cashing store; and save your change at the end of each day.
8. Answer **b** is correct. **APY** means the annual interest rate you will earn on your savings or other deposit account. (The letters stand for “Annual Percentage Yield.”)