

CASH COURSE WORKSHEET

What Are Savings? Quiz



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1. Match the definition in Column A with the budgeting term in Column B.

Column A

- _____ Account designed to earn interest and save money
- _____ Savings for covering unexpected expenses
- _____ Savings for building wealth for the future
- _____ Adding money to a financial account
- _____ Removing money from a financial account

Column B

- a. Deposit
- b. Emergency Fund
- c. Nest Egg
- d. Savings Account
- e. Withdraw

2. What is the benefit of making regular deposits into a savings account?

- a. It makes it harder to spend money
- b. It allows you to withdraw money whenever you want
- c. It increases your interest rate
- d. It builds your credit score

3. Which of the following is NOT a reason to have a savings account?

- a. To prepare for financial emergencies
- b. To save for expensive purchases
- c. To build wealth for the future
- d. To pay off debt immediately

4. How many months' worth of expenses should you save for an emergency fund?

- a. 1 month
- b. 2-3 months
- c. 3-6 months
- d. 6-9 months

5. According to the 50-30-20 rule, what percentage of your income should you put into savings?

- a. 50%
- b. 30%
- c. 20%
- d. 10%

Application: Build an emergency fund that will cover you for 3 months. Use the space below to total up your average monthly expenses, then fill in the calculation.

$$\begin{array}{l} \$ \underline{\hspace{2cm}} \\ \text{(YOUR TOTAL MONTHLY EXPENSES)} \end{array} \times 3 = \$ \underline{\hspace{2cm}} \\ \text{(YOUR 3-MONTH EMERGENCY FUND)}$$

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What Are Savings? Quiz

Answer Key

1. Match the definition in Column A with the budgeting term in Column B.

Column A

d. Savings Account Account designed to earn interest and save money

b. Emergency Fund Savings for covering unexpected expenses

c. Nest Egg Savings for building wealth for the future

a. Deposit Adding money to a financial account

e. Withdraw Removing money from a financial account

Column B

a. Deposit

b. Emergency Fund

c. Nest Egg

d. Savings Account

e. Withdraw

2. What is the benefit of making regular deposits into a savings account?

a. It makes it harder to spend money

3. Which of the following is NOT a reason to have a savings account?

d. To pay off debt immediately

4. How many months' worth of expenses should you save for an emergency fund?

c. 3-6 months

5. According to the 50-30-20 rule, what percentage of your income should you put into savings?

c. 20%

Application: Build an emergency fund that will cover you for 3 months. Use the space below to total up your average monthly expenses, then fill in the calculation.