

# VOCABULARY

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- \_\_\_\_\_ Setting aside income for a period of time so that it can be used later.
- \_\_\_\_\_ Account that pays interest, has no maturity date, and from which funds can be withdrawn at any time without penalty.
- \_\_\_\_\_ Account that pays relatively high rates of interest, requires a minimum balance, and allows immediate access to funds.
- \_\_\_\_\_ Savings plans that require savers to leave their funds on deposit for certain periods of time.
- \_\_\_\_\_ Period of time at the end of which time deposits will pay a stated rate of interest
- \_\_\_\_\_ Time deposits that state the amount of the deposit, maturity, and rate of interest being paid.

# NOTES

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## Main Idea

Savings consist of \_\_\_\_\_ set aside for \_\_\_\_\_.  
How does that benefit YOU (the individual)?

\_\_\_\_\_

How does that benefit THE ECONOMY?

1. \_\_\_\_\_
2. It allows businesses to \_\_\_\_\_, which provides \_\_\_\_\_ for consumers and raises the \_\_\_\_\_.

## Trade-Offs

Some savings plans allow \_\_\_\_\_ to your funds but pay a \_\_\_\_\_.

Others pay \_\_\_\_\_ and allow \_\_\_\_\_ of your funds, but require \_\_\_\_\_.

## Steps to Savings

1. Determine \_\_\_\_\_.
2. Determine \_\_\_\_\_ to set aside.
3. Decide what \_\_\_\_\_ you will use.
4. Decide \_\_\_\_\_ of deposit.
5. Decide \_\_\_\_\_ a portion of what you have saved.

## Savings Accounts

Savings Account ~ Account that pays interest, has \_\_\_\_\_ maturity date, and from which funds can be withdrawn \_\_\_\_\_ without penalty.

Money Market Deposit Account (MMDA) pays relatively \_\_\_\_\_ of interest, requires a minimum balance of \_\_\_\_\_, and allows \_\_\_\_\_ to funds.

## Time Deposits

Require savers to leave their funds on deposit for certain periods of time, or \_\_\_\_\_.

Time deposits are often called \_\_\_\_\_ (CDs), or savings certificates.

Where to Save?			
Type of Account	Minimum Deposit?	Rate of Interest?	Availability of Funds?

## Insuring Deposits

- After the stock market crash of 1929, the \_\_\_\_\_ (FDIC) was created to protect peoples' funds.
- Insures up to \$\_\_\_\_\_ for each separate account
- 1/1/2011 that was adjusted for inflation

## Review

1. Using the table below, list one advantage and one disadvantage of each savings method listed.

	Savings Account	CD	Money Market
Advantage			
Disadvantage			

2. How does interest make money for savers?
3. Why is it best not to invest more than \$100,000 in one account?
4. What is the difference between a basic savings account and a time deposit?