A Penny Saved

Directions: Read the comic "A Penny Saved" and answer the following questions:

1. Name at least five things people may sacrifice because they do not save.
   1. __________________________________________________________
   2. __________________________________________________________
   3. __________________________________________________________
   4. __________________________________________________________
   5. __________________________________________________________

2. What does “saving” mean?

3. When you give up the opportunity to spend now, you gain spending _______.

4. What do you think “spending power” is?

5. “Bank” is short for a depository institution. Name the three types of depository institutions.
   1. __________________________________________________________
   2. __________________________________________________________
   3. __________________________________________________________

6. What are the benefits of saving?

7. What is compound interest?
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8. Explain the benefit a savings account earning compound interest has over an account earning simple interest.

9. Explain the Rule of 72.

10. How many years will it take to double an amount at 3 percent interest? ____

11. What is liquidity?

12. If you sell your computer, TV, or car for cash, is that considered liquidity? Yes or No

13. Name two reasons interest rates on long-term deposits are higher.
   
   1. __________________________________________________

   2. __________________________________________________

14. Why do banks pay interest on the money you deposit?

15. Based on your reading thus far, what would you say to someone who is debating whether to save money by depositing it in the bank or hiding money at home? Focus on the benefits!