



Introduction to Business
Chapter 30 Savings Accounts

(A) savings (B) opportunity cost, (C) simple interest, (D) compound interest, (E) passbook savings account, (F) statement savings account, (G) certificate of deposit, (H) maturity date, (I) money market fund, (J) money market deposit account, (K) Federal Deposit Insurance Corporation, (L) liquidity, (M) inflation risk.

1. The depositor keeps money in an account for a higher rate of interest. _____
2. Interest that is calculated on the principal and previously accumulated interest _____
3. The ability to turn your savings into cash _____.
4. The loss of your savings dollar _____
5. A safe mutual fund offered by brokerage houses _____
6. An account where all the deposits and withdrawals are recorded in a book the depositor keeps _____
7. An account where all of the activity in the account is recorded on a statement that is sent to the person who has the account _____
8. A safe mutual fund offered by banks, mutual savings banks, and credit unions _____
9. Money you put aside for the future _____
10. Giving up the opportunity to buy something in order to buy something else _____
11. Interest earned only on the principal, or the money deposited into a savings account _____
12. The date when money in a certificate of deposit becomes available to the depositor _____
13. A government agency that insures commercial bank accounts for up to \$100,000 _____

Review What You Learned

14. Why is it best to begin saving for retirement early?
15. The amount of interest you receive from your savings depends on three factors. What are they?

16. How do savers benefit from compound interest?
17. Explain what the FDIC is and what it does.
18. What type of savings account would be appropriate for a small amount of money you may need in the near future?
19. Why are banks or other financial institutions willing to pay a higher rate of interest for a CD than for a traditional savings account?
20. Can you withdraw money from a money market fund at any time without penalty?
21. What type of savings account would be appropriate for a large amount of money that you might want to use for something in the near future?
A
22. Explain why all savings involve some trade-off.

Understanding Business Concepts

23. What three sources of income are people able to rely on when they retire?
24. Explain how your savings account is like a loan to the bank or financial institution.
25. Which earns you more money-interest compounded daily or interest compounded yearly?
26. If you're planning to go to college next year, what type of savings account should you have?
27. What is the tradeoff for savings accounts that are liquid and safe?

Anything that we can do to raise personal savings is very much in the interest of this country," Greenspan said. [Alan Greenspan](#)