

1. Why do people keep money in banks, savings and loans, and credit unions?
  - a. These institutions are convenient.
  - b. Deposits at these institutions are safe and earn interest
2. What is interest?
  - a. A tax refund to a household from the government
  - b. Money paid by financial institutions on customers' deposits
3. What is the difference between simple interest and compound interest plans?
  - a. Compound interest pays interest on interest already earned
  - b. Interest earned in a simple interest plan cannot be taxed
4. You deposit \$100 at a 5% interest rate. With compound interest, at the end of two years:
  - a. Your savings account will have less than \$110
  - b. Your savings account will have more than \$110
5. What is a good way to increase your wealth through savings?
  - a. start saving early
  - b. make small deposits in your savings account