Banking and Investment Quiz

Circle the best answer.

1. The reason that you will earn a better rate of interest on a CD over a savings account is:
   a. You agree to invest the money for a longer period of time.
   b. You must deposit large amounts of money in a CD.
   c. You have to be willing to risk losing your money.

2. Savings and investing are wise choices for long-term goals.
   a. True
   b. False (savings should be used for short or mid-term goals)

3. Credit Unions and Banks are insured up to _______ in deposits.
   a. $50,000.00
   b. $100,000.00
   c. $150,000.00

4. The greatest disadvantage of investing in collectables is:
   a. You are clueless as to what they are really worth.
   b. They are likely to increase in value but could decrease in value.
   c. If you need money quickly, it might be difficult to find a buyer willing to pay the true value in a hurry.

5. An agreement where a borrower (usually the Federal Government) agrees to use your money for a specific period of time for a specific rate of interest is a:
   a. U. S. Savings Bond
   b. Money Market Account
   c. Collectible

6. List three advantages of a checking account.

7. What happens when you overdraw a checking account?
8. What are two ways you can use a debit card?

9. Why should you invest for retirement when you are young?

10. Why do many people invest in mutual funds?

11. What are the benefits and risks of investing in stocks?

12. Explain and give an example of The “Rule of 72”.

13. What are the disadvantages of investing in real estate or collectibles?