

Money Choices Matter

Compare ways to save and invest while weighing growth, access, and risk.

SS.8.FL.3 "Identify and compare the different means and risks of saving and investing money, including the impact of inflation and interest rates."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline each way Maya can save or invest. Circle each risk or trade-off, and number each sentence that explains how interest rates or inflation affect money.

Maya's \$200 Choice

- ① When Maya receives \$200 from a summer job, she has choices. She could keep cash at home, put money in a savings account, or invest it. A savings account at a bank or credit union usually pays interest, which is money added to her balance. Savings accounts are generally low risk, and deposits are often protected up to legal limits. Cash at home earns no interest and could be lost, stolen, or damaged. Maya can usually take savings out quickly for a near-term goal.
- ② Investing means using money to buy assets, such as stocks or bonds, that may grow in value or pay income. An investment can earn more than a savings account over many years, but its value can also fall. A stock is ownership in a company, so its price can change daily. Bonds are loans to governments or companies and also carry risk, including the chance that a borrower cannot pay. Spreading money among different investments can reduce risk, but it cannot promise a profit. Investing fits money Maya will not need soon.
- ③ Inflation is a general rise in prices over time. It reduces purchasing power, meaning each dollar buys less. If prices rise 3 percent in a year while Maya's savings account pays 1 percent interest, her balance grows, but it may buy less than it did before. Interest rates matter when comparing accounts because a higher rate usually adds more money, although rates can change. For money needed soon, Maya may value safety and easy access. For a distant goal, she may accept investment risk in exchange for possible long-term growth.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 Compare keeping cash at home with using a savings account. Give one difference in interest and one difference in risk.

2 Why might an investment earn more than a savings account, and what risk comes with that possible growth?

3 In Maya's example, why can her savings balance grow but still buy less after one year?

4 Which option best fits money Maya will need soon? Use two qualities from the passage to explain your choice.

3 YOUR TURN _____ Your own words

Imagine you have \$500. Complete the table with two different goals, one you need soon and one that is years away. For each goal, choose a way to save or invest and explain one benefit and one risk or trade-off.

GOAL AND TIME NEEDED	CHOICE	BENEFIT	RISK OR TRADE-OFF

PART 1 • READ AND MARK

Underline each way Maya can save or invest. Circle each risk or trade-off, and number each sentence that explains how interest rates or inflation affect money. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	Compare keeping cash at home with using a savings account. Give one difference in interest and one difference in risk.	Cash at home earns no interest and can be lost, stolen, or damaged. A savings account usually pays interest and is generally low risk, with deposits often protected up to legal limits.
2	Why might an investment earn more than a savings account, and what risk comes with that possible growth?	Investments may grow in value or pay income over many years. Their value can fall, and they cannot promise a profit.
3	In Maya's example, why can her savings balance grow but still buy less after one year?	Her account pays 1 percent interest, but prices rise 3 percent. Inflation reduces purchasing power faster than the account increases her balance.
4	Which option best fits money Maya will need soon? Use two qualities from the passage to explain your choice.	A savings account best fits because it is generally low risk and Maya can usually take the money out quickly.

PART 3 • YOUR TURN (SAMPLE ANSWER)

GOAL AND TIME NEEDED	CHOICE	BENEFIT	RISK OR TRADE-OFF
New laptop in 8 months	Savings account	Low risk, earns interest, and is easy to access	Inflation may reduce buying power, and the interest rate may be lower than inflation.
Career training in 8 years	Diversified investments	Possible long-term growth	Value can fall, and a profit is not promised.

Accept reasonable choices when the stated benefit and risk match the passage. For distant goals, accept investments with a clear acknowledgment of possible loss; for near-term goals, accept savings accounts with safety and access explained.