

Asset Choice Guide

Compare access, ownership, payments, and changing value.

SS.8.FL.5.1 "Describe the differences among the different types of financial assets, including a wide variety of financial instruments such as bank deposits, stocks, bonds, and mutual funds..."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline each financial asset named in the passage, then circle a phrase that tells how that asset works, such as access, ownership, payment, or changing value.

Where Could Your Money Go?

- ① Financial assets can give an owner a claim on money, a business, or a future payment. A bank deposit, such as money in a savings account or certificate of deposit, is one type. Savings account money is usually easy to access, although a bank may limit certain withdrawals. A certificate of deposit commonly keeps money for a set term, and taking it out early can bring a penalty. Eligible deposits at insured banks and credit unions have federal insurance up to legal limits.
- ② A stock is a share of ownership in a company. Stockholders may receive dividends when a company pays them, but dividends are not promised. Stock prices can rise or fall, so an owner may gain or lose money when selling. A bond is a loan to a government, business, or other issuer. The issuer promises interest and repayment on a maturity date. Bonds can also lose value, and an issuer might fail to make payments. Stocks and bonds can be sold, but their sale price may change.
- ③ A mutual fund sells shares to investors and uses pooled money to buy a collection of assets, often stocks, bonds, or both. This can spread money among many holdings, but it does not prevent losses. Investors consider how soon they need money. A savings deposit may fit a near need because it is usually accessible and federally insured when eligible. Assets with changing prices may fit money left invested longer. Real estate and commodities are also often viewed as financial assets. Real estate can take time to sell. Commodity prices can shift quickly.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 How is money in a savings account different from money in a certificate of deposit when you want to take it out?

2 What does buying a stock make you, and what can happen to the stock's price?

3 How is a bond different from a stock? Use the ideas of loan and ownership in your answer.

4 Name the two other assets that the passage says are often viewed as financial assets. Give one detail about either one.

3 YOUR TURN _____ Your own words

Imagine that you have two separate \$600 amounts. Write exactly two sentences: choose one asset type for money you need in six months and explain why, then choose one asset type for money you can leave invested for several years and explain why.

PART 1 • READ AND MARK

Underline each financial asset named in the passage, then circle a phrase that tells how that asset works, such as access, ownership, payment, or changing value. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	How is money in a savings account different from money in a certificate of deposit when you want to take it out?	Savings account money is usually easy to access. A certificate of deposit keeps money for a set term, and early withdrawal can bring a penalty.
2	What does buying a stock make you, and what can happen to the stock's price?	Buying a stock makes you an owner of a share in a company. Its price can rise or fall.
3	How is a bond different from a stock? Use the ideas of loan and ownership in your answer.	A bond is a loan to an issuer that promises interest and repayment at maturity. A stock is a share of ownership in a company.
4	Name the two other assets that the passage says are often viewed as financial assets. Give one detail about either one.	Real estate and commodities. Real estate can take time to sell, or commodity prices can shift quickly.

PART 3 • YOUR TURN (SAMPLE ANSWER)

For \$600 I need in six months, I would choose a savings deposit because it is usually accessible and federally insured when eligible. For \$600 I can leave invested for several years, I would choose a stock because stock prices can change and assets with changing prices may fit money left invested longer.

Accept different asset choices when each sentence identifies an asset, addresses its assigned time horizon, and gives a reason supported by the passage. The response must explain both the six-month choice and the several-years choice.