

Ready for the Risk

How regular saving can prepare you for a possible loss

SS.8.FL.6.3 "Describe how a person may self-insure by accepting a risk and saving money on a regular basis to cover a potential loss."

NAME _____

DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the words that name Maya's possible loss, circle each action she takes to build her bike fund, and number the sentences that explain what the fund can and cannot cover.

Maya's Bike Fund

- ① Maya rides an older bicycle to school and to her weekend job. She uses a lock, but she knows the bicycle could still be stolen or damaged. Instead of buying insurance for the bicycle, Maya decides to accept that risk herself. She opens a separate savings account called her bike fund and transfers \$8 into it every Friday. This choice is called self-insuring. The money does not stop a loss, but it prepares her to pay for one.
- ② After thirty weeks, Maya has saved \$240, as long as she has not used the fund. A broken wheel might cost \$90 to repair, so the fund could pay that bill without forcing her to borrow money or skip another planned expense. By saving a smaller amount regularly, Maya spreads the possible cost over time. She is choosing to keep the savings rather than pay an insurer a premium to take the bicycle risk.
- ③ Maya understands that her plan has limits. If her bicycle is stolen and a replacement costs more than the money in her fund, she must pay the remaining amount herself or choose a less expensive replacement. When she uses money for a repair, she plans to begin weekly transfers again. Her decision works because she knows the risk, saves before a loss happens, and is willing to handle a cost that insurance might otherwise cover.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 What risk does Maya accept when she chooses to self-insure?

2 What regular action does Maya take to build her bike fund?

3 After thirty weeks, how much has Maya saved, and how could that money help with a \$90 broken-wheel repair?

4 What could Maya do if a replacement bicycle costs more than the money in her fund?

3 YOUR TURN _____ Your own words

Choose one item or expense that you could reasonably self-insure. In 3 sentences, name the risk, state a regular saving plan with an amount and schedule, and explain how the fund would help and what you would do if it did not cover the full cost.

PART 1 • READ AND MARK

Underline the words that name Maya's possible loss, circle each action she takes to build her bike fund, and number the sentences that explain what the fund can and cannot cover. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	What risk does Maya accept when she chooses to self-insure?	She accepts the risk that her bicycle could be stolen or damaged.
2	What regular action does Maya take to build her bike fund?	She transfers \$8 into her separate bike-fund savings account every Friday.
3	After thirty weeks, how much has Maya saved, and how could that money help with a \$90 broken-wheel repair?	She has saved \$240. The fund could pay the \$90 repair bill without making her borrow money or skip another planned expense.
4	What could Maya do if a replacement bicycle costs more than the money in her fund?	She could pay the remaining amount herself or choose a less expensive replacement.

PART 3 • YOUR TURN (SAMPLE ANSWER)

I could self-insure against a cracked screen on my tablet. I would save \$6 every week in a tablet-repair fund, so after 25 weeks I would have \$150 for a repair. If the repair cost more than \$150, I would use the fund and pay the remaining cost from other savings.

Accept equivalent descriptions of self-insuring that identify a potential loss, regular saving before the loss, and personal responsibility for costs not covered by the fund. For the open response, accept realistic items and reasonable saving plans with all required parts.