Money Set Aside

How savings supports needs, goals, and choices

SS8E3.c "Describe the reasons for and the benefits of savings."

NAME ____________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline each reason people save, and circle each benefit that savings can provide.

Why People Save

1 Savings means setting aside part of income instead of spending all of it now. A person may earn income from a job, gifts, or an allowance. Savings can be kept in a bank or credit union account, where the money is safer than cash carried around. Depositing money also creates a record of how much is available. People save because future needs and goals can cost more than they can pay for from one paycheck or one allowance.

2 One reason to save is to prepare for emergencies. A broken phone, a medical bill, or a repair at home can require money quickly. Without savings, a family might need to borrow, possibly paying interest and increasing the total cost. Another reason is to reach a planned goal, such as job training or a reliable used car. Saving a little regularly can build enough money over time. This habit helps people make choices, because they are less likely to depend on costly loans or give up an important plan.

3 Savings can also earn interest in many bank or credit union accounts. Interest is money added to an account by the financial institution, often based on the balance. The amount and rules vary by account, so savers should compare options and watch for fees. Keeping savings separate from spending money can make a goal easier to protect. Still, a savings plan works best when it is realistic. Deciding on an amount to save after regular expenses helps a person continue the habit.

2 ANSWER WITH EVIDENCE

Use the passage

1. What are two reasons people save money?

2. How can savings lower the cost of an emergency?

3. Why can keeping savings separate from spending money be helpful?

4. What two account features should savers compare before choosing where to keep savings?

3 YOUR TURN

Your own words

Imagine you want to save $180 for a camping trip within six months. Write exactly 3 sentences that name a realistic monthly amount, explain your reason for saving, and explain one benefit you would gain besides having money for the trip.

ANSWER KEY **Money Set Aside** GRADE 8 · SS8E3.c

PART 1 · READ AND MARK

Underline each reason people save, and circle each benefit that savings can provide. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What are two reasons people save money?	**People save for emergencies and to reach planned goals.**
2	How can savings lower the cost of an emergency?	**Savings may keep a person from borrowing money and paying interest.**
3	Why can keeping savings separate from spending money be helpful?	**It can protect the money set aside for a goal.**
4	What two account features should savers compare before choosing where to keep savings?	**Savers should compare interest amounts or rules and watch for fees.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I will save $30 each month for six months to reach $180. I am saving so I can pay for the camping trip without borrowing money. This plan will also help me build a habit of setting aside money for future goals.

Accept any realistic plan that reaches $180 in six months, including $30 per month. The response must give a reason for saving and a separate benefit, such as avoiding loans, earning interest, protecting a goal, or building a saving habit.