

Name _____ Date _____

Savings Account

A safe and easy way to save your money is with a **savings account**. A savings account allows you to **deposit** money (add money to your account) or **withdraw** money (remove money from your account) at any time. In return for keeping your money at the bank or credit union, they will pay you money, also known as **interest**.

Interest will be earned on the money you have deposited in your savings account. Since you may deposit or withdraw money each day, your chosen financial institution will calculate how much money you should receive in interest. You will also receive a periodic statement from the financial institution listing your deposits, withdrawals, interest, and account balances. Each financial institution may pay a different amount of interest, so it makes sense to “shop around” to decide which one will benefit you most.

For example, if you have \$100 and save it in a savings account, and the bank or credit union pays 5% interest, then in one year you will have an extra \$5.00 in interest, or \$105 in total. Therefore, they paid you \$5.00 for saving your money with them. In summary: $100 \times .05 = 5$ $100 + 5 = 105$. So....

Beginning Saving	Interest Rate	Interest	Savings in one year
\$100.00	5%	\$5.00	\$105.00

Directions: Find the amount of interest you would earn in each scenario and what your total savings would be after one year. Hint: When finding a percentage think in dollars and cents. For example,

$5\% = 5 \text{ Cents} = 5/100 = .05$ whereas $50\% = 50 \text{ Cents} = 50/100 = .5$

	BEGINNING SAVING	INTEREST RATE	INTEREST	SAVINGS IN ONE YEAR
1.	\$500	4%		
2.	\$250	10%		
3.	\$325	6%		
4.	\$80	8%		
5.	\$800	8%		
6.	\$130	11%		
7.	\$727	5%		
8.	\$400	2%		
9.	\$400	8%		
10.	\$670	6%		