Teacher Answer Key

Case Study

1. Good money habits developed early in life can have a significant impact on a person's financial future. Learning to budget, save, and invest wisely helps teens reach their financial goals faster and build a secure future.

2. Answers will vary. Early habits give savings more years to grow through compound interest, and budgeting keeps spending in check so goals actually get funded.

3. She wants to save $7,500 for a down payment on a car within two years. It is a SMART goal because it names a specific amount and a deadline instead of just saying she wants to save money.

4. She tracks her income and expenses, which shows she can save $250 a month, and compares that to the $312.50 a month the goal requires. That leaves a gap she can close by working more hours, finding higher-paying work, or cutting more spending.

Multiple Choice

1. D

2. C

3. B

Q1: SMART goals help you track your progress and stay motivated. (Provides a clear roadmap and keeps you focused)

Q2: To track your income and expenses and identify areas to save. (Budgeting helps you understand your financial situation and make informed saving decisions)

Q3: It allows you to earn interest on the interest you've already earned. (Compound interest accelerates your savings growth over time)

Matching

1-C, 2-E, 3-B, 4-A, 5-D

Fill-in-the-Blank

1) Attainable, Relevant (These ensure your goal is achievable and aligns with your priorities), 2) Budgeting (Tracking income and expenses helps identify areas for saving), 3) Essential, Discretionary (Allocating funds for necessary expenses and allowing room for fun)

Short Answer (Sample Responses)

Q1: Financial literacy empowers teens to develop good money habits early in life, which can significantly impact their financial future. By learning to budget, save, and invest wisely, teens can achieve their financial goals faster and build a secure future for themselves.

Q2: Sarah could explore finding a higher-paying job or working extra hours to increase her income. She could also identify and reduce unnecessary expenses in her budget to free up more money for savings.

Q3: Choosing the right savings account ensures your money is stored in a safe and secure place while also maximizing your potential returns. Consider factors like interest rates, accessibility (withdrawal limitations), and penalties for early withdrawal when selecting a savings account.