Teacher Answer Key

Case Study

1. He had already saved $600 at $50 a month, so the $450 repair came out of his own money and left him $150. He never had to put the bill on a credit card, so he paid no interest on it.

2. He would have had to charge the $450 or borrow it, and then keep paying interest on that balance on top of the repair itself. A single car problem would have turned into months of debt on a $600 monthly income.

Multiple Choice

1. B

2. D

3. D

Matching

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

b) Cash (at home)

Fill-in-the-Blank

1) Emergency fund, 2) $500 to $1,000, 3) Separate account

Short Answer (Sample Responses)

Q1: Saving for unexpected expenses prevents debt and financial stress by providing a safety net for emergencies.

Q2: Teens can set small savings goals, automate deposits, cut unnecessary expenses, and save extra income from gifts or bonuses.

Q3: High-yield savings accounts offer better interest rates, allowing emergency funds to grow faster over time.