

## Unit 9: Where to Stash Your Cash:

**Pick the best place to put your money based on the needs indicated for the choices offered. Prepare to explain your selection**

1. You just got your first paycheck and need a place to put it and start paying your bills.
  - a. Money market account: *better for savings not bills*
  - b. Savings account: *better for savings not bills*
  - c. **Checking account: best place to pay your bills**
2. You need to establish your “stuff happens” fund. You have about \$50 to start with and hope to make regular deposits.
  - a. Mutual Fund: *start for investing after emergency funds established*
  - b. Money Market Fund: *OK but usually need more than \$50 to start*
  - c. **Savings Account: best place to stash your cash**
3. You have money set aside for your small and large/long term emergency funds. You are ready to start making your money work for you. You want to minimize risk and be certain of a fixed return on your investment.
  - a. Savings account: *safe but your money won't grow*
  - b. **Bonds: expect to get back what you loaned plus interest but no guarantee**
  - c. Stocks: *no certain return on investment*
4. You have \$1000 saved for your emergency fund and want a place to put it where it can earn a bit more money and where you won't be tempted to spend it.
  - a. Checking account: *don't mix savings and checking; you'll spend it*
  - b. Money market account: *checks usually give it easy access; might spend*
  - c. **Certificate of Deposit: withdrawal penalties aversion to using early**
5. You have established both of your emergency funds. You are ready to start making your money work for you. You feel confident with your finances right now and can afford some risk in the hope of making more money. You don't intend to need this money any time soon.
  - a. Certificate of Deposit: *risk free but not a place to grow money*
  - b. **Stocks: potential risk but over time can overcome; greatest potential for growth**
  - c. Money market account: *risk free and little return*
6. You have some money to invest in the long run but you are uncertain of what would be a good company to invest in.
  - a. Stocks: *Requires research for safety*
  - b. Bonds: *Requires research for safety*
  - c. **Mutual Fund: Mixed pool of stocks and bond lessens risk**
7. You have about \$2000 saved up and want to keep adding to it for your long term emergency fund. You are concerned about tying up your cash though and want to be able to get to it easily in case you need it.
  - a. Stocks: *Invest after emergency fund established*
  - b. Certificate of Deposit: *Often can't add to deposit; money tied up for specified term*
  - c. **Money market account: Easy to add to and often comes with checks**