Unit 3 Quiz — Saving & Emergency Funds

Teen Money Independence · Lessons 3.1 – 3.4

Name: ______________________ Date: ______________________

PART 1 — MULTIPLE CHOICE (2 POINTS EACH)

Circle the best answer.

1. Financial experts generally recommend keeping how many months of living expenses in an emergency fund?

A. 1 month

B. 2 months

C. 3–6 months

D. 12 months

2. What is the main advantage of a high-yield savings account over a standard savings account?

A. It is covered by FDIC insurance while standard savings are not

B. It earns significantly more interest with the same level of access

C. It allows unlimited withdrawals without penalties

D. It is only available through credit unions

3. Lucy saves $63 automatically on every payday before spending anything else. This strategy is called:

A. Discretionary saving

B. Paying yourself first

C. Opportunity investing

D. Budget surplus allocation

4. Sofia keeps $2,000 in cash at home instead of a bank account. If inflation runs at 3% annually, approximately how much purchasing power does she lose in one year?

A. Nothing — cash does not lose value

B. $20

C. $60

D. $200

5. An emergency fund is different from regular savings because:

A. It earns a higher interest rate

B. It is invested in the stock market for growth

C. It is set aside specifically for unexpected necessary expenses, not goals

D. It cannot be touched until retirement

PART 2 — SHORT ANSWER (5 POINTS EACH)

👥 After three months of working, each member of the group has some savings.
Lucy has $450 set aside in a high-yield savings account.
Joseph has $0 saved — he spent everything, including money he intended to save.
Alex has $600 in a business checking account but nothing set aside for personal emergencies.
Sofia has $800 in cash at home.

Use the scenario above to answer Question 2.

1. Explain why "paying yourself first" is more effective than saving whatever is left over at the end of the month.

2. Only Lucy has a true emergency fund. Identify one financial risk each of the other three characters faces because of how they are (or aren't) saving.

PART 3 — MATH PROBLEM (10 POINTS)

1. Joseph's monthly expenses total $1,100. He wants to build a 4-month emergency fund. He can save $180/month. (a) How much does he need in his emergency fund? (b) How many months will it take him to reach his goal?

Show your work:

SCORE

Multiple Choice	Short Answer	Math	Total
/10	/10	/10	/30

Grader notes: