

Name _____

Rainy Days and Emergency Funds: Why They Matter in Budgeting

Multiple Choice Questions

1. What is an emergency fund?
 - a) Money for planned expenses
 - b) A financial safety net for unexpected expenses
 - c) A fund for vacations
 - d) A retirement savings account

2. Why are emergency funds important for budgeting?
 - a) They are used for planned expenses.
 - b) They provide financial protection against unexpected expenses.
 - c) They guarantee financial success.
 - d) They are required by law.

3. What kind of expenses can an emergency fund help cover?
 - a) Regular monthly bills
 - b) Planned vacations
 - c) Unexpected financial emergencies
 - d) Daily coffee expenses

4. How can an emergency fund protect your budget?
 - a) By increasing your regular expenses
 - b) By providing funds for planned expenses
 - c) By safeguarding your budget from unexpected costs
 - d) By reducing your income

5. What is one benefit of having an emergency fund?
 - a) It guarantees that you won't face any financial challenges.
 - b) It allows you to spend impulsively.
 - c) It helps avoid high-interest debt.
 - d) It requires you to divert funds from your savings goals.

