

Name _____

Mastering the Art of Saving and Investing: Your Budget's Best Friends

Multiple Choice Questions

1. What is the purpose of having an emergency fund?
 - a) To invest in stocks
 - b) To cover unexpected expenses
 - c) To buy a car
 - d) To go on a vacation

2. Why is it essential to set clear financial goals?
 - a) To spend money freely
 - b) To prioritize spending over saving
 - c) To know what you're saving for and allocate funds accordingly
 - d) To avoid saving money

3. What does it mean to "pay yourself first" in the context of savings?
 - a) To spend all your money
 - b) To treat your savings like a bill and allocate a portion of your income to it before spending on other expenses
 - c) To avoid saving money
 - d) To invest all your money

4. How can you automate your savings?
 - a) By manually transferring money to your savings account every month
 - b) By setting up automatic transfers from your checking account to your savings account
 - c) By avoiding saving money altogether
 - d) By withdrawing cash and storing it at home

5. What is diversification in investing?
 - a) Putting all your money in one investment
 - b) Spreading your money across different asset classes to reduce risk
 - c) Avoiding investments altogether
 - d) Investing only in stocks

