

Name \_\_\_\_\_

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

### Short Answer Key

1. Answers may vary but could include saving for a new phone, a weekend getaway, or a laptop.
2. Setting clear financial goals helps you allocate funds because it gives you a specific target to save for. You can calculate how much you need to save each month to reach your goal.
3. Automating savings ensures that you consistently save money each month without the risk of forgetting or overspending.
4. Risk tolerance refers to your willingness and ability to handle the ups and downs of investment returns. It's important in investing because it helps you choose investments that align with your comfort level and financial goals.
5. Diversifying investments is important because it spreads risk. If one investment performs poorly, others may perform well, helping to balance your overall portfolio.

