

Name _____

Savings vs. Checking: Where Should You Stash Your Cash?

Short Answer Key

1. The main difference between a savings account and a checking account is that a savings account is designed for saving money and earns interest, while a checking account is used for daily transactions and does not earn much interest.
2. A savings account is a safe place to keep your money because it is protected by the Federal Deposit Insurance Corporation (FDIC), which ensures that even if the bank faces financial difficulties, your money is guaranteed up to a certain limit.
3. Advantage: Convenience for daily transactions; Disadvantage: Low or no interest earnings.
4. An emergency fund is money set aside for unexpected expenses like medical bills or car repairs. A savings account is a good choice for it because it is safe, accessible, and can earn some interest.
5. A checking account makes daily financial transactions more convenient by providing tools like checks, debit cards, and online banking for easy access to your money.

