

# SAVINGS AND INVESTMENTS

## Answers To the What's Your Savings IQ Quiz

	True	False
1. If you buy a company's stock, you own a part of the company.	✓	
2. If you buy a company's bond, you have loaned money to the company.	✓	
3. Over the past 70 years, the type of investment that has earned the most money for investors has been corporate bonds.		✓
4. If you buy the stock of a new company you can lose only a portion of the money used to buy the stock.		✓
5. Monique owns a wide variety of stocks, bonds, and mutual funds to reduce her risk of losing money. This is called diversifying.	✓	
6. Carlos has to choose between paying off his credit card balance or investing in mutual funds. He should definitely invest.		✓
7. Jennifer wants to take some of her savings and invest in a mutual fund. This is a good idea because mutual funds are guaranteed to earn more than savings accounts.		✓
8. Bob is 22 years old and wants to start saving now for his retirement in 43 years. For his long-term goal, Bob should invest his money mainly in stocks and stock mutual funds.	✓	
9. A mutual fund is a group of stocks, bonds, and/or cash accounts that are pooled together and broken into pieces called shares.	✓	
10. The longer the time horizon, the more risk you can tolerate with your investments.	✓	