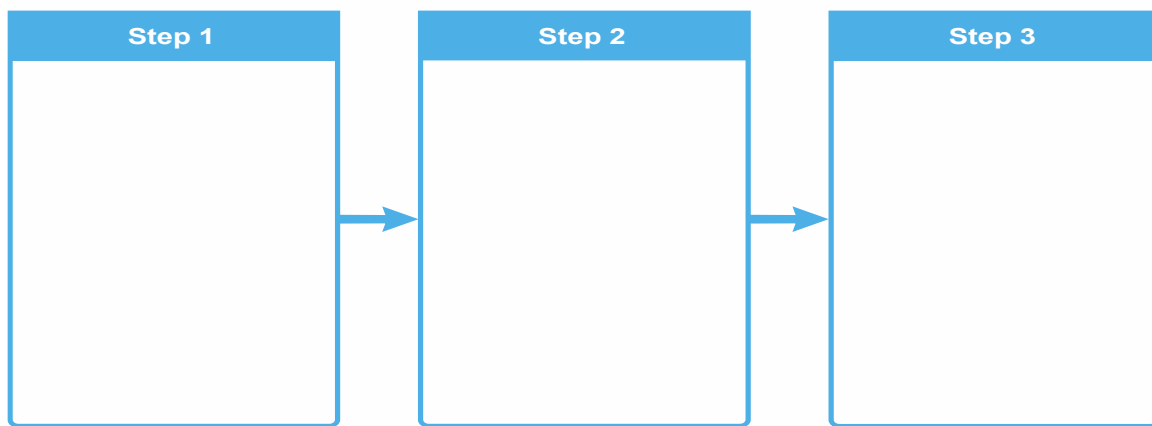


**Investment and Free Enterprise:**

1. **Summarize** How does our free enterprise system promote economic growth through investing?

**The Financial System:**

2. As you read “The Financial System,” use this graphic organizer to identify the process by savers lend money to people who need it.



3. Why do savers need documentation such as monthly statements or bond certificates?

**Financial Intermediaries:**

4. Why might some people invest in mutual funds rather than in single stocks?

5. What is the difference between life insurance and a pension?

Name: \_\_\_\_\_

Period: \_\_\_\_\_

## Lesson 6.5

6. Why is diversification important to have in investments?

### **Liquidity, Return, and Risk:**

7. What are the benefits of bank savings accounts and CDs, and why might you choose one over the other?
8. Would it be better to lend your money to a bank at a 2 percent interest rate or to a friend at a 4 percent interest rate? Explain your answer.