# Chapter 7
# Super Saving

## 1. List

List **three** reasons why people should save.

(a) _____

(b) _____

(c) _____

## 2. Reasons for saving

(a) Daithi is in primary school. He doesn't get any pocket money but sometimes gets presents of money from relatives. Identify **two** reasons why Daithi should save regularly.

1. _____

2. _____

(b) Aisling has just graduated from college and has got a job as an engineer with ARP Constructions. The work will involve a lot of travelling around the country. She has some student loans she needs to pay off. Identify **two** reasons why Aisling should save regularly.

1. _____

2. _____

(c) James is in secondary school and plays a lot of sports. He is hoping to go on a school trip to France next year. Identify **two** reasons why James should save regularly.

1. _____

2. _____

(d) Sadhbh is a doctor and is planning to get married next year. She currently lives at home with her parents. Identify **two** reasons why Sadhbh should save regularly.

1. _____

2. _____

## 3. Identify the odd one out

(a) Credit Union      (b) Bank      (c) Post Office      (d) Garage

Explain your choice: _____

## 4. List

List **three** areas where people can invest their money.

(a) _____

(b) _____

(c) _____

## 5. Identify

Identify **four** questions people should ask before selecting a suitable method of saving or investing.

(a) _____

(b) _____

(c) _____

(d) _____

## 6. Match Savings & Investment Terms and Explanations

| Column A | | Column B |
|---|---|---|
| **Savings & Investment Terms** | | **Explanations** |
| **1.** Investing | **A.** | An amount of money added each year to the amount that you save. The longer you save, the more money is added. |
| **2.** Philantropy | **B.** | Automatically deducted from all interest paid on bank, building society and credit union saving accounts. |
| **3.** Interest | **C.** | A not-for-profit financial institution owned by the people who open savings accounts with them. |
| **4.** Annual Equivalent Rate (AER) | **D.** | Donating money to good causes. |
| **5.** Deposit Interest Retention Tax (DIRT) | **E.** | A payment by a company to shareholders based on the amount of profit earned by the business. |
| **6.** Credit Union | **F.** | The true rate of interest on savings. |
| **7.** Dividend | **G.** | Putting your money into shares, property, insurance policies and other potentially risky activities in the hope that you will earn more money than from a regular savings account. |

Match the savings & investment term in **Column A** with the correct explanation in **Column B**.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
|   |   |   |   |   |   |   |

## 8. Calculate piggy bank savings

Calculate the amounts saved by the following people if they just kept the money in a savings box:

(a) Marie saves €10 per week for 3 years. _____

(b) Lucianne saves €15 per week for 5 years. _____

(c) Bernard saves €7 per week for 2 years._____

(d) David saves €5 per week for 10 years. _____

(e) Mihaly saves €6.50 per week for 9 years. _____

(f) Elaine saves €175 per month for 3 years. _____

(g) Elke saves €420 per month for 5 years._____

(h) Indira saves €280 per month for 7 years. _____

## 9. Calculate compound interest

ABC Bank is advertising special savings accounts paying compound interest of 5% per year for 5 years. How much will the following savers earn on their savings after 5 years?

(a) If Bob saves €1,000 per year, interest earned will be:

_____

(b) If Rita saves €3,000 per year, interest earned will be:

_____

(c) If Sue saves €4,500 interest earned will be:

_____

(d) If Karl saves €7,700 per year, interest earned will be:

_____

(e) If Linda saves €9,560 per year, interest earned will be:

_____

## 10. Calculate simple interest

ABC Bank pays simple interest on some of its savings accounts. Calculate the amount saved by the following people in their savings accounts after 1 year, 2 years and 3 years.

(a) Mo saved €1,000 at 5% simple interest.

After 1 year: _____   After 2 years: _____   After 3 years: _____

(b) Lawrence saved €1,500 at 6% simple interest.

After 1 year: _____   After 2 years: _____   After 3 years: _____

(c) Basil saved €2,500 at 4% simple interest.

After 1 year: _____   After 2 years: _____   After 3 years: _____

(d) Teri saved €3,750 at 5% simple interest.

After 1 year: _____   After 2 years: _____   After 3 years: _____

## 11. Calculate DIRT (Deposit Interest Retention Tax)

For each of the calculations in question 10, calculate the balance in the account after 1 year if DIRT is deducted from the simple interest received at the rate of 35%.

(a) _____ (b) _____ (c) _____ (d) _____

## 12. Calculate compound interest on savings accounts

Calculate the balance in each of the following ABC Bank savings accounts after 1 year, 2 years and 3 years. Make all answers correct to two decimal places.

(a) Josef saved €1,000 at 5% compound interest.
   After 1 year: _____   After 2 years: _____   After 3 years: _____

(b) Paddy saved €1,500 at 6% compound interest.
   After 1 year: _____   After 2 years: _____   After 3 years: _____

(c) Ivan saved €2,800 at 6% compound interest.
   After 1 year: _____   After 2 years: _____   After 3 years: _____

(d) Felix saved €1,240 at 11% compound interest.
   After 1 year: _____   After 2 years: _____   After 3 years: _____

## 13. Calculate simple interest less DIRT

ABC Bank pays simple interest on some of its savings accounts. All interest is subject to DIRT.

(a) Avril had €5,000 invested at 5% simple interest for 3 years in a special savings account that was subject to DIRT at 25%. Calculate the total net interest earned.

_____
_____
_____

(b) Abi had €7,500 invested at 3% simple interest for 2.5 years in a special savings account that was subject to DIRT at 30%. Calculate the total net interest earned.

_____
_____
_____

(c) Arthur had €24,800 invested at 6% simple interest for 4.5 years in a special savings account that was subject to DIRT at 30%. Calculate the total net interest earned.

_____

_____

_____

### 14. Calculate compound interest less DIRT

(a) Philip had €18,400 invested at 5% compound interest for 4 years in a special savings account that was subject to DIRT at 20%. Calculate the total net interest earned to two decimal places.

_____

_____

_____

(b) Carmen had €2,250 invested at 6.5% compound interest for 3 years in a special savings account that was subject to DIRT at 25%. Calculate the total net interest earned to two decimal places.

_____

_____

_____

(c) Roger had €30,000 invested at 8.5% compound interest for 5 years in a special savings account that was subject to DIRT at 35%. Calculate the total net interest earned to two decimal places.

_____