

# Saving Smarts

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Adam and Ashley are siblings. They've each received \$50 over the last month in holiday gift money. Their mom has offered to put their money into a savings account. Mom has also promised to add \$5 a month for anyone who puts the entire amount in it for six months, and \$2 a month for anyone who puts in at least \$20 a month.

Help Adam and Ashley decide what to do:

1. If Ashley spends \$20 now and puts \$30 away for six months, how much money will she have at the end of six months?

1. \$50
2. \$45
3. \$62
4. \$42

2. Adam isn't sure if it's worth it for him to keep \$10 to spend now or to save the entire \$50. Which of the following statements are true, and can help him decide?

1. If he puts away \$40, he'll have \$10 now and \$52 at the end of six months, for a total of \$62. But if he puts away the entire amount, he'll have \$80 at the end of six months.
2. If he puts away \$40, he'll have \$10 now and \$70 at the end of six months, for a total of \$80. If he puts away the entire amount, he'll have the same amount – \$80 – at the end of six months.
3. If he saves the entire amount, his money can earn him \$30 over six months.
4. Both A & C

3. If Ashley spends most of the money now and only puts \$10 away, how much money will she have at the end of six months?

1. \$10
2. \$15
3. \$22
4. \$40

4. Thinking Cap: Can you give a name to what Ashley and Adam's mom is doing for them? Why do you think she's making this offer? Do you think it will work?

**Answers:**

1. D
2. D

3. A
4. She is offering them interest on their savings. She is probably trying to encourage them to save more.