

Chapter 30 Savings Accounts

Section 30.1 The Basics of Savings Accounts

Section Summary with Key Terms and Academic Vocabulary

Savings Account Basics Saving is putting aside money for future use.

The three main reasons for saving money are to make major purchases, for emergencies, and for retirement. Financial institutions pay interest on savings accounts in return for using savers' money. As with a credit account, the amount of interest earned depends on the interest rate, the size of the account, and the length of time you keep the account. Savings accounts earn simple interest or compound interest. Savings can grow more quickly with compound interest.

Key Terms _____

saving Putting money aside for future use

rate of return The percentage of increase in the value of savings from earned interest

compound interest Interest earned on both the principal—the money deposited into a savings account—and any interest earned on it

Academic Vocabulary _____

expert Someone with special knowledge or ability

suggest To mention or imply as a possibility

item A distinct part in an enumeration, account, or series; an article

accumulate To increase gradually in quantity or number