

# Matching

# Ch 8 Review

<input type="radio"/> 401(k)	<input type="radio"/> Liquidity	<input type="radio"/> Risk
<input type="radio"/> Investment	<input type="radio"/> Mutual Fund	<input type="radio"/> Share
<input type="radio"/> IRA	<input type="radio"/> Portfolio	

1. \_\_\_\_\_ A list of your investments
2. \_\_\_\_\_ Quality of an asset that permits it to be converted quickly into cash without loss of value
3. \_\_\_\_\_ A piece of ownership in a company, mutual fund or other investment
4. \_\_\_\_\_ A retirement savings plan offered by a corporation to its employees; the employee contributes money from his/her gross pay, and the money grows tax deferred
5. \_\_\_\_\_ Account or arrangement in which one would put their money for long-term growth
6. \_\_\_\_\_ Degree of uncertainty of return on an asset
7. \_\_\_\_\_ Pool of money managed by an investment company and invested in multiple companies
8. \_\_\_\_\_ Tax-deferred arrangement for individuals with earned income; individual retirement arrangement

## Multiple Choice

Circle the correct answer.

9. A single stock would be a good place to keep your emergency fund.  
 A True  
 B False
10. Diversification lowers risk with investing.  
 A True  
 B False
11. Long-term investments properly diversified include the following mutual funds:  
 A Growth, growth and income, bond, aggressive growth  
 B Growth, balanced, international, bond  
 C International, bond, aggressive growth, growth  
 D Growth, growth and income, international, aggressive growth
12. Which of the following is a good investment option?  
 A Gold  
 B Viaticals  
 C Futures  
 D Mutual funds
13. Which statement is true about liquidity?  
 A The less liquid the investment, the less return  
 B The more liquid an investment, the more return  
 C The more liquid an investment, the less return  
 D Both a and b

## Short Answer

Respond in the space provided.

14. Explain why you should never invest using borrowed money.

---

---

---

15. Explain the risk return ratio.

---

---

---

16. Why do single stocks carry a high degree of risk? Why do mutual funds carry less risk?

---

---

---

17. What is the Rule of 72? How is it calculated?

---

---

---

18. Is real estate a liquid investment? Explain your answer.

---

---

---