

# ANSWER KEY > Financial Literacy

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1. PART A: Which of the following identifies the central idea of the text? **RI.KID.2**
- A. People who invest in the stock market will most likely lose money.
  - B. Most financial institutions trick their financially illiterate customers out of money.
  - C. **Financial choices can be confusing, but knowledge can help a person make good decisions.**
  - D. Understanding how to manage finances is relatively easy, as most of it is common sense.
2. PART B: Which detail from the text best supports the answer to Part A? **RI.KID.1**
- A. **“Financial systems are extremely complicated, which unfortunately means there are too many people who do not understand how to use their money in the best ways.” (Paragraph 1)**
  - B. “Money in a savings account is harder to access on demand, but the bank will pay you a small percentage of the total for keeping your money in that account.” (Paragraph 4)
  - C. “It is usually not smart to pay off only small portions of your monthly credit card bill. The longer you wait to pay it off, the more money you will eventually owe to the credit card company.” (Paragraph 12)
  - D. “People with high credit scores will probably be more responsible with the loan and are far more likely to pay the loan back on time and with interest.” (Paragraph 14)
3. PART A: Which sentence best describes one aspect of the relationship between banks and their clients? **RI.KID.3**
- A. Banks often use their clients’ money without their knowledge or permission.
  - B. Banks exist only to profit from their clients by charging them unnecessary fees.
  - C. **Banks can use clients’ money for loans and clients can make money on interest.**
  - D. Banks control how much money their clients can withdraw from all of their accounts.
4. PART B: Which quote from the text best supports the answer to Part A? **RI.KID.1**
- A. **“a checking account holds your money and allows you to access it very easily at any time you would like.” (Paragraph 3)**

- B. "Money in a savings account is harder to access on demand, but the bank will pay you a small percentage of the total for keeping your money in that account." (Paragraph 4)
  - C. "If you put \$1,000 into a savings account, the bank will hold onto a small portion of it, maybe \$100, and give the other \$900 out to other customers as loans." (Paragraph 5)
  - D. "Banks like to give out loans because when someone borrows money, they have to pay that money back along with interest on the money" (Paragraph 7)
5. What is the effect of the author proposing a "thought experiment" at the beginning of the text? **RI.CS.5**

Answers will vary; students should discuss how by proposing a "thought experiment" the author encourages the reader to consider each choice she explains and personally invest in the contents of the article. For instance, the author proposes a scenario in which the student is given \$1,000 and then asks, "[w]hat are some of the options you have?" (Paragraph 2). This prompts the reader to consider knowledge of finances that they already possess, and also prepares them for the additional information that will be provided in the text. McBirney keeps the reader engaged in the thought experiment by asking them questions throughout the text. For instance, she asks, "[w]hy does the bank want your money, if they have to pay to hold it for you?" (Paragraph 5). Not only does this address questions that the reader may already have, but it directs readers to the ideas that they should be taking away from the text. Additionally, students should discuss how the author uses questions to prompt readers to think beyond the information present in the text. For example, at the end of the text McBirney asks, "[s]o, what do you think you will do with the \$1,000 from your aunt?" (Paragraph 17). This encourages readers to apply what they have learned throughout the text to the original thought experiment introduced at the beginning of the text.