



# Could You Pass The 5 Question Finance Test?

1. Suppose you put \$100 into a no-fee savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year once the interest payment is made?
2. Imagine now that the interest rate on your savings account was 1% per year and inflation was 2% per year. After one year, would you be able to buy more than today, exactly the same as today, or less than today with the money in this account?
3. Do you think that the following statement is true or false? "Buying shares in a single company usually provides a safer return than buying shares in a number of different companies." (True or false?)
4. Again, please tell me whether you think the following statement is true or false: "An investment with a high return is likely to be high risk." (True or false?)
5. Suppose that by the year 2020 your income has doubled, but the prices of all of the things you buy have also doubled. In 2020, will you be able to buy more than today, exactly the same as today, or less than today with your income?

## Answers to survey questions:

- 1) \$102
- 2) Less
- 3) False
- 4) True
- 5) Exactly the same