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**Chapter 8 Reading Notes**

Section 8.2

Add appropriate **spokes and information** to each of the four categories as you read through the section.

Functions of money

Characteristics of money

What makes money….money?

Money today: What counts and what doesn’t?

Historical types of money (include examples of each

Section 8.3

1. What is the main function of banks? How do banks execute that functions?
2. Rank the three types of deposits that savers make at banks from “most liquid” to least liquid.” Also rank them from the “highest return” to “lowest return.” If you wanted to save money at your bank for a purchase you plan to make one year from now, which type of deposit would you make? Why?
3. Create a simple symbol to help explain each of the three types of loans that banks commonly make: ***commercial loans, consumer loans, and mortgage loans.*** Write one or two sentences explaining who would typically take out each type of loan and what the money would be used for.
4. What is the role of the Federal Reserve (FED)?
5. The Fed provides several important financial services. Explain each of these functions of the FED.
	1. *Holding reserves*
	2. *Providing cash and loans*
	3. *Clearing Checks*
	4. *Linking banks electronically*
6. Another important role of the FED is to control the nation’s money supply. How does the FED do this?
7. How is the FED organized?

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**Chapter 8 Reading Notes**

Section 8.4

1. List three reasons why you should save money.

 b.

 c.

1. Create a simple diagram to represent the three sources of money that people use to fund retirement. Annotate your diagram by recording **at least two** details about each type of plan.
2. When creating a budget, what can you do to make sure you are a successful saver?