

## **Savings and Investment Households**

### **Assessment Task**

#### **How savings and investments can create wealth for households (Individual activity) (LO2 AS3)**

Read the definitions below and answer the questions that follow.

Savings: Portion of disposable income not spent on consumption of consumer goods but accumulated to be used at a later stage or to earn interest.

Investments: Making your money work for you by earning high rewards with higher risk than savings. In economics, investment means creation of capital or goods capable of producing other goods or services.

Wealth: Refers to an increase in your standard of living, mostly in terms of property or money; also called economic prosperity.

a) How can savings help your household create wealth?

[2 marks]

b) How can investments help your household create wealth?

[2 marks]

[Total: 4 marks]