

WHAT IS THE **FEDERAL RESERVE**



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What is the Federal Reserve?



The Federal Reserve (often called the Fed) is the central bank of the United States. It is an independent nonpartisan government agency. It is made up of 3 parts; a Board of Governors in Washington D.C, 12 Regional Federal Reserve Banks, and a Federal Open Market Committee (FOMC). The Federal Reserve serves the public, and works to support a healthy economy, and make sure our financial systems are stable.

One of the most important jobs of the Federal Open Market Committee (FOMC) within the Federal Reserve is to decide if interest rates go up or down. When prices are rising, they may decide to raise interest rates to slow people's spending, as this can make loans and mortgages more expensive. When the economy is weaker, they may decide to lower interest rates to make borrowing less expensive, encouraging people to spend more money to grow the economy. By adjusting the interest rates, the Federal Reserve aims to keep prices and borrowing steady, which results in a balanced and healthy economy.

Discussion Question: How does interest rates going up or down affect a family trying to buy a house or a car?

Source: www.federalreserve.gov/aboutthefed/fedexplained/who-we-are.htm

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