

OVERVIEW

Do you want to be rich? Who doesn't! But remember: Being wealthy isn't about how much you earn—it's about how much you keep and what you do with it.

Think of your money as a 24-7 “employee”—expecting it to make more money for you while you go about your daily activities. You do that by saving and also investing your money. The sooner you get started, the sooner you start growing your money.

LEARNING OUTCOMES

In this lesson you will explore how saving and investing can be used to build wealth. Along the way you will do the following:

- Make a distinction between saving and investing.
- Demonstrate how to calculate compound interest.
- Compare types of savings investments.

Use what you learn today to select savings investment options.

LEARNING TASKS

These tasks match pages 3-12 in Student Guide 4.

__ 1.	What does it mean to you to be “wealthy”? Complete Activity 4.1: What is Wealthy to write your own definition of “wealth.”
__ 2.	What do you know about saving and investing? Identify what it takes to build wealth.
__ 3.	Analyze your current ability to save and invest. Complete Activity 4.2: My Windfalls to identify examples of your recent “windfalls.”
__ 4.	Find out how to put your money to work for you with compound interest. Do the math to see how compound interest works. Complete Activity 4.3: More Money to identify ways to “grow” savings.
__ 5.	Explore interest-earning savings options. Which options match your situation and financial goals?
__ 6.	Complete Challenge 4-A: It Pays to Shop Around . Use the DECIDE steps to select the saving option(s) that seems a good fit for your current situation.



FURTHER STUDY

Read a book or magazine article to learn more about investing. Search “investment” or “investing” to find resources at your local public library.



TAKING IT HOME

If you are currently employed and have a savings account, arrange to have your paycheck automatically deposited to your savings account to maximize the days your money will earn interest.



TAKING IT HOME

If you don't yet have a savings account, take steps to open the savings account(s) you selected when you completed **Challenge 4-A: It Pays to Shop Around**.

Check online for what you need to take with you to open the account, including the minimum amount of cash needed to make your first deposit. Typically, you also need to share your identification, social security number, and proof of where you live.

Activity 4.1: What is Wealthy?

NAME:

DATE:

Directions:

In 25 words or less, define what it means to you to be wealthy.

Activity 4.2: My Windfalls

NAME:

DATE:

Directions:

Have you received any unexpected increases in cash during the past year?

Check any of the examples below that were windfalls for you:

- Gift money
- Found money
- Increase in allowance
- Increase in pay
- Tip Money
- Bonus
- Scholarship or grant
- Inheritance
- Other: _____

The next time you have a windfall, decide how much you'll sock away before indulging yourself. You also may need to set aside enough money to pay income taxes on your windfall.

Activity 4.3: More Money

NAME:

DATE:

Scenario:

Justin's dad suggests putting the \$500 into a CD that earns more interest, more often. Their credit union currently offers 2.5 percent APY on a 12-month CD, and interest is compounded daily.

Justin uses the compound interest formula to see the difference it makes to have his money earn interest at a higher rate every day rather than just once a year. He discovers that he will have almost \$513 after one year if he goes with the CD option.

Directions:

Justin can increase his savings by compounding interest more often. What are at least two other ways he can grow his savings?
