Saving for the Future

Dollars and Sense
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What is Financial Planning?
Without a financial plan, long-term goals may never be affordable. A financial plan should reflect personal and family goals.
A Financial Plan Considers…

What you have

*Take a personal inventory of financial resources*

What you need and want

*Identify your personal and family goals*
A Financial Plan Considers…

How you can best use your financial resources to achieve your needs and wants

Develop plans to achieve and use available tools to manage:

✓ Spending
✓ Savings
✓ Borrowing
✓ Investing
✓ Protecting against financial crises
Lack of planning creates:
• Tension/family friction
• Insecurity/unhappiness
• Worry over money
• Lack of reserves for emergencies
• Many unsatisfied wants
• Impulse buying
• Embarrassment over debt
• Insecurity
Weigh the Advantages of Planned Spending

Good financial planning creates:

- Peace of mind
- Family harmony
- Financial independence
- Satisfied desires – lasting enjoyment
- Saving for emergencies
- Attained long-range goals
- Planned spending patterns
- Living within income
Saving Your Money

*Where to Stash Your Money*

(click on link)
Savings Plan

Saving money should be a cornerstone of a financial plan, not the money left over after paying expenses.

The Compounding Calculator
(click on link)
The Rule of 72 is a great way to estimate how your investment will grow over time. If you know the interest rate, the Rule of 72 can tell you approximately how many years it will take for your investment to double in value.
Rule of 72

How to Teach the Rule of 72 to Children
Rule of 72 Scenario

You are an 18-year-old and have been working evenings and weekends at a local restaurant for two years. You have managed to save $4000.00 of your salary and tips. How long will it take to double your money with an expected rate of return of 6%?
Saving versus Investing
What are You Saving For?

The Saving Calculator
(click on link)
Deciding Where to Save

Consider the following factors:

• The interest rate paid
• The method used to calculate interest
• How often interest is compounded
• Policies and requirements of the institution
• Liquidity of the money
• Safety of the funds
What is Retirement?
Three Legs of Retirement Planning

- Social Security benefits
- Employer pension
- Individual savings and investment earnings
Questions?
References and Resources

Images:
Microsoft Clip Art: Used with permission from Microsoft.

Textbook:

Websites:
Learnfree.org
Managing a Savings Account.
http://www.themint.org/teens/balance-your-checking-account.html

MyMoney.gov
This is the U.S. government’s website dedicated to teaching all Americans the basics about financial education.
http://www.mymoney.gov/Pages/default.aspx

Northwestern Mutual
Interactive Calculators
http://www.northwesternmutual.com/learning-center/calculators/

Practical Money Skills for Life
To help consumers and students of all ages learn the essentials of personal finance, Visa has partnered with leading consumer advocates, educators, and financial institutions to develop the Practical Money Skills program.
https://www.practicalmoneyskills.com/foreducators/lesson_plans/lev9-12/S
Websites:
TheMint.org
About Savings Accounts and how to manage them.
http://www.themint.org/teens/about-savings-accounts.html
TheMint.org
The Rule of 72 Calculator and how it works.
http://www.themint.org/teens/power-of-72.html
Tips to Help You Save Money
Merrick Bank

YouTube™:
How to Teach the Rule of 72 to Children
Teaching Children about the Rule of 72
http://youtu.be/ShwCeTeKWOI