

SAVINGS

Directions

Welcome! You are a savings specialist!

Below you will find helpful advice to make your role as easy as possible. Please read thoroughly even if this is not your first time.

- This table is to educate students on savings and investments.
- Most of your interaction with students will be educating them on savings by recommending scenarios that could work best for them in the future.
- As students arrive at your table, explain to them that we recommend they consider putting 10-20% aside for savings each month. However, for their current scenario, we would like to show them what it would look like if they put aside just 10%. Remind them that some savings is better than none, but in the end the choice is theirs.
- Start by looking at their combined monthly income and ask them to put 10% of their income in the **total line** of their savings section. For example, if they make approx. \$5,000 monthly, suggest they put \$500 in the **total line**.
- Depending on their income, advise students to put a portion towards their savings account first. For example, if they make approx. \$5,000 monthly and they put \$500 in the total line, propose \$200 go towards their savings. Explain to students that over time their savings account will grow, however the interest in their savings will be minimal. Remind them that the advantage to a savings account is the money there can be easily removed if needed.
- We advise students that a minimum balance of \$400 in their savings account for emergencies, in addition to savings they may need to reach a goal; i.e. vacation, an appliance purchase, etc... should always be considered in their real-life scenarios. Further explain that once they reach a healthy balance in their savings account they may want to consider moving some of their savings into an investment/retirement account.
- After you have explained that over time their balance in savings will grow, suggest they imagine for this exercise that \$2000 was moved from their savings into an investment account. Now suggest they commit to a monthly contribution of \$300, list that amount next to investments on their budget sheet.
- Next, take the compound interest wheel and show them the results of their investment/retirement savings over time. For example, in this scenario they chose to put \$300 a month aside, with a \$2,000 initial investment, in 40 years (the age of retirement if they commit to this at age 25) at the highest rate of 9% (explain that the market can vary) they will have \$1,487,149 at retirement. You can further explain if they want to change their savings contributions and only put \$100 towards savings and \$400 towards investments/retirement their results would change the compound interest wheel results with a final payout at age 65 of \$1,958,792.
- Students are typically very excited by these results and will keep your savings suggestion. This interaction should not take too long, remember it is just an exercise and they are free to erase your suggestion or make a new decision.
- If students want to explore more compound interest scenarios, if they have a larger income; you can suggest they download a compound interest calculator app on their devices or if you would like to download it during the reality fair, it is usually helpful and fun. Simply search, "compound interest calculator" in your application store and choose a free option. You may also allow the students take a compound interest wheel home with them.

SAVINGS	
Savings (Debit)	\$200.00
Retirement/Investments	\$300.00
Total	\$500.00

INCOME	
	\$1,904.00

