

When setting money aside for saving and investing, some questions to consider are:

- A. Are you saving money for something you want or need?
- B. Describe how you are managing to save money.
- C. Why would you recommend opening a savings account to someone who doesn't have one yet?
- D. Even though the purpose of the account is to save money, why might it be necessary to withdraw money from a saving account?
- E. If you open a savings account, and start making deposits and withdrawals, who is responsible for keeping track of the account?

Why don't people save?

- Average American saves less than 5% of their paycheck.
- We want more

- No future goals
- Money doesn't earn a lot of interest
- Credit is easily available
- Adequate job security

Why should we save?

- Emergencies—recommended to have 3-6 months of salary
- Expenses
- Future Purchases
- Investing
- Security
- To reach financial goals
- To have the option of taking advantage of unforeseen opportunities

What are some ways you save money?

- Jar-every time you get a raise put that money in savings
- Have a purpose
- Go without (opportunity cost)

PAY YOURSELF FIRST

What does it take to
PAY YOURSELF FIRST?

It takes:

1. Commitment
2. Discipline
3. Delayed gratification

Some ways to start PAYING YOURSELF FIRST are:

1. From each paycheck or allowance, deposit a set amount or percentage into your savings account before spending money or anything else.
2. At the end of the day, put all your change in a savings container. Once a month deposit the money in a savings account.

3. Whenever you get unexpected money, put a portion of it into savings.

Remember
Amount saved isn't as important
as getting into the habit!

70-20-10 Rule

SPEND 70%

SAVE 20%

INVEST 10%

Savings Accounts

1. Simplest way to earn interest on small amount of money for future expenses, while keeping money readily accessible and earning interest on your money.

Choosing A Savings Account

1- Factors to consider

- Interest Rate
- Fees - charges - and penalties
- Minimum Balance requirement
- Balance calculation method

2- Individual factors to consider

- Your own income
- Your budget
- Reasons for saving

2. Opening A Savings Account

B. You must be at least 18, or a parent or adult guardian must accompany the student, who can be a co-signer, meaning, the adult guarding is willing to share responsibility for the account

C. Know your Social Security Number

D. Two forms of ID

E. Have money to Deposit

F. Using ATMs to Make Savings Deposits and Withdrawals

3. ATM cards are issued by your financial institution and allow you to deposit and withdraw money in/from your savings account by using a deposit envelop, located next to the ATM machine or withdrawal transaction
4. ATM machines are open 24 hours a day, ATM deposits can be in any amount, ATM withdrawals must be in increments of \$20
 - Allows you to choose a personal Identification number (PIN) to access your account information
5. After all transactions you will need to enter the savings information in a savings account register. The savings register keeps track of the date of all transactions,

deposits or withdrawals, and the running balance (current balance/amount of money) in your account.

Passbook/Saving Register

1. Depositor receives a booklet in which deposits, withdrawals, and interest are recorded.
2. Average interest rate is lower at banks and savings and loans than at credit unions.
3. Funds are easily accessible.

Statement Accounts

1. Basically the same as a passbook account, except depositor receives monthly statements instead of a passbook.
2. Accounts are usually accessible through 24-hour automated teller machines (ATMs).
3. Interest rates are the same as passbook account.
4. Funds are easily accessible.

Interest – Earning Checking Account

1. Combines benefits of checking and savings.
2. Depositor earns interest on any unused money in his/her account.

Money-Market Deposit Account

1. Acts like a checking account that pays interest
2. Checking/savings account.
3. Interest rate paid built on a complex structure that varies with size of balance and current level of market interest rates.
4. Can access your money from an ATM, a teller, or by writing up to three checks a month

Benefits

- Higher interest rates than regular savings accounts.
- Immediate access to your money.

Trade - offs

- Limited number of withdrawals each month.
- Limited number of checks can be written each month.
- Average yield (rate of return) higher than regular savings accounts.

Certificates of Deposit

1. What they are and how they work – require you to keep your money in account for fixed period of time, five or more year. The longer the term, the larger the deposit, the higher the interest
2. Bank pays a fixed amount of interest for a fixed amount of money during a fixed amount of time.

Benefits

- Higher interest rate than regular savings account.
- No Risk.
- Simple.
- No fees.

Trade - offs

- Withdrawal penalty if cashed before expiration date.
- Restricted access to your money.