



for Grades 9-12



Teacher Presentation Slides

for use with Educator Guide



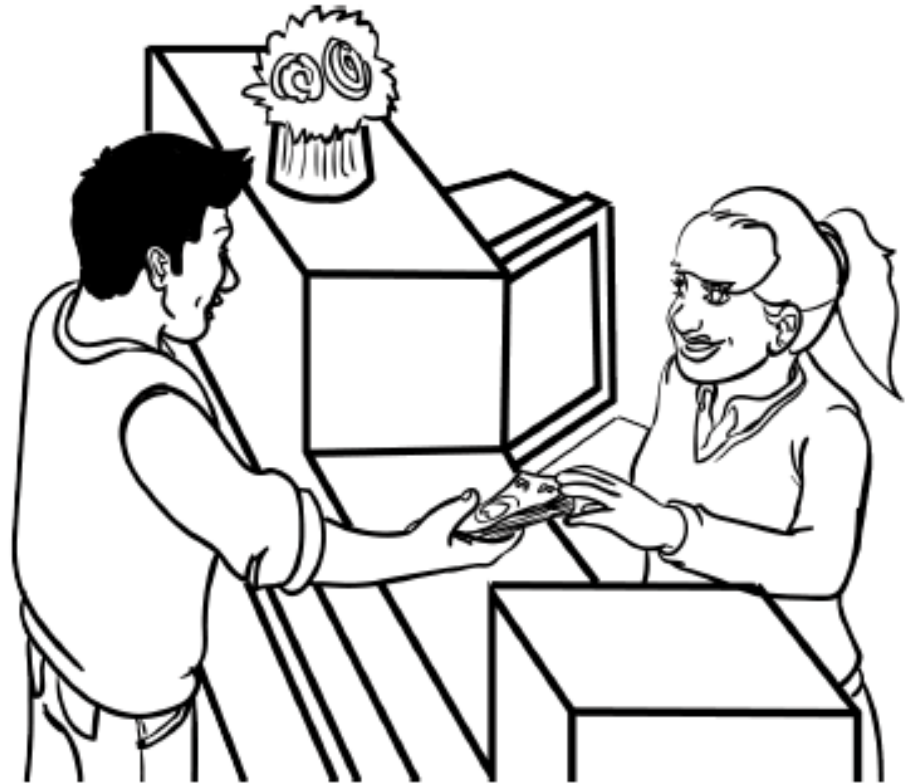
**for Grades 9-12
and Ages 18-20**

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LEVEL 4, LESSON 4

PAY YOURSELF FIRST



Spend It or Bank It?

HOW MONEY GROWS

Interest: the amount of money banks or other financial institutions pay you for keeping your money on deposit with them

Interest is expressed as a percentage and is calculated based on time and the amount of money in your account

Compounding: how your money can grow when you keep it in a financial institution that pays interest

APY: Annual Percentage Yield reflects the interest you earn on a yearly basis

COMPOUNDING INTEREST OVER TIME

Compounding means calculating interest on both principal and previously earned interest.

	5 years	10 years
Mattress compounding— NO interest!	\$1,000.00 (unless stolen or lost)	\$1,000.00 (unless stolen or lost)
Annual compounding at 1%	\$1,051.01	\$1,104.62
Monthly compounding at 1%	\$1,051.25	\$1,105.12
Daily compounding at 1%	\$1,051.27	\$1,105.17

SAVINGS OPTIONS

Certificate of Deposit (CD): typically offers a higher rate of interest than a regular savings account in exchange for you keeping the money on deposit for a set term (for example, 6 months or more)

Money Market Account: higher rate of interest, usually requires a higher minimum balance (for example, \$1,000), can make deposits and withdrawals

Statement Savings Account: an account that typically allows unlimited deposits, but limits the number of fee-free withdrawals you can make during a month. You typically earn interest on the money you have on deposit and will receive a statement at least quarterly listing all transactions in the account

Protection: the Federal Deposit Insurance Corporation and National Credit Union Administration (NCUA) protect money saved in member financial institutions