



**for Grades 9-12**



# **Teacher Presentation Slides**

**for use with Educator Guide**



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

# **Teacher Presentation Slides**

**for use with Educator Guide**

**LEVEL 4 LESSON 15**

## MONEY GROWS

**If you start with a \$100 principal and add \$200 to your retirement account each month, how much can you save by the time you are 65?**

**If you start at age 25...**

Principal	\$100.00
Monthly Contributions	\$200.00
Years to Grow	40
Interest Rate (compounded annually)	7%
<b>TOTAL</b>	<b>\$480,621.71</b>

**If you start at age 45...**

Principal	\$100.00
Monthly Contributions	\$200.00
Years to Grow	20
Interest Rate (compounded annually)	7%
<b>TOTAL</b>	<b>\$98,776.15</b>

**Would you rather have less than \$100,000 or almost half a million dollars?!**

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# RETIREMENT VEHICLES: WHERE TO SAVE IF SELF-EMPLOYED?\*

## **Simplified Employee Pension Individual Retirement Account (SEP IRA)**

- You open the account. It functions as a traditional IRA for self-employed, like single-member businesses or freelance income
- Contributions are made by the employer, not employees
- Can contribute up to 25% (limit \$52,000) of net income
- Contributions are tax-deductible for your business
- Pre-tax contributions (you are not taxed until the money is withdrawn)

## **Simple Individual Retirement Account (Simple IRA)**

- Acts like a traditional IRA for small businesses that may have employees
- Contributions may be made by employees, but employers are required to contribute on behalf of employees
- Employee can contribute a percentage of salary up to \$12,500
- Employers must contribute 2% or a 1-to-1 match up to 3%
- Contributions are tax-deductible for the business
- Pre-tax contributions (you are not taxed until the money is withdrawn)

\*Contribution limits based on 2014