



# PROJECT ADVANCE

## OVERVIEW

Participants will be introduced to the importance of saving money. They will identify short and long term financial goals and develop strategies of saving money.

### **OBJECTIVES:** **Participants will**

- ❑ Discuss their individual experiences with saving.
- ❑ Identify their savings goals.
- ❑ Implement realistic strategies to save successfully.



## The Importance of Saving?

### Lesson #1

#### INTRODUCTION

Greet participants.

#### Ask:

- ◆ Why is it important to save money?
- ◆ Define the terms: Short Term Goal & Long term Goals.  
(*Short terms goals; saving for the immediate future..i.e. a car, moving expenses, vacation.*  
*Long-term goals: saving for the future. i.e. saving for a home, higher education, retirement.*)
- ◆ Distribute sheet to participants, have them list their savings goals.

#### ACTIVITY

- ◆ Ask participants if they know how much the average American saves.  
(*Presently, Americans save 5-6% of their income.*)

- ◆ List the following on the board:  
Jim; who saved \$20 per month beginning at age 12.  
Joan; who save \$40 per month beginning at age 20.  
Jason; who saved \$80 per month beginning at age 28.  
Julie; who saved \$160 per month beginning at age 36.  
Jared; who saved \$320 per month beginning at age 44.  
Jasmine; who saved \$640 per month beginning at age 52.

- ◆ Ask participants to rank, from highest to lowest, who will have more money by age 60.
- ◆ Give participants at least 10 minutes to work on this problem. They can work individually or with a partner. HINT: Do you notice a pattern in how the numbers are increasing?
- ◆ The student that states that the order will remain the same is correct.

Notes:

- ◆ Write the following on the board:  
Answer: Jim will have the largest nest egg. \$194,630.\*  
Joan will have \$187,252.\*  
Jason will have \$177,322.\*  
Julie will have \$162,166.\*  
Jared will have \$136,452.  
Jasmine will have the smallest nest egg: \$89,508.

*\*These amounts were calculated assuming a 9 percent annual return on their investment. (the annual average for the stock market since 1929) For simplicity sake, taxes were not included. The order remains the same as long as they all have the same return and tax rates.*

- ◆ Ask participants what does that example prove. (*Time is the important factor in building wealth. Sure, Jim might have a tough time coming up with \$20 per month at age 12 but over the long run...it amounts to a great deal of money.*)
- ◆ Emphasize that saving should be given a high priority just like paying important bills. (Before spending money on the things you want, **pay yourself first** by setting money aside for goals.)

## EXPLORATION

- ◆ Provide participants with tips for savings: (review the list with them)
  - (1. **Pay yourself first.** *Consider savings as a fixed expense similar to a house or car payment put the money away before you have time to think about spending it. One alternative is to have an amount automatically deducted from your paycheck and put into a savings plan. If you wait until the end of the month, chances are there won't be anything left to save.*
  - (2. **Save windfall income.** *A very simple theory. You managed to get along without the unexpected bonus, tax refund, overtime pay or gift, so why not keep on that way and save the extra money?*
  - (3. **Try frugality.** *Cutting back on eating out, entertainment or pleasure drives can save money quickly, even though it might cause some sacrifices and might even change your lifestyle.*
  - (4. **Develop a habit of saving.** *Even if you can only set aside a very little every month, discipline yourself to do so. More than half the battle is physically setting the money aside.*
  - (5. **Set goals.** *Keep a list of what you are saving for. As you reach your savings goals, establish new ones.*
  - (6. **Don't stop saving.** *There are always emergencies and unforeseen events that come about. Even if you feel you "have enough", in reality you probably don't)*

## CLOSURE

- ◆ Tell participants that there is formula for financial success. It may prove difficult to follow but it will ensure financial independence.
- ◆ Ask them to work in groups and list at LEAST six things they can do to improve their financial situation based on what they have learned that day.
- ◆ Give participants at least 10-15 minutes to work together and develop THEIR OWN LIST.
- ◆ Have participants share their ideas.
  
- ◆ Distribute “Formula for Success” handout
  
- ◆ Discuss the handout in detail with participants and make connections to their own list.

## LESSON # 2

### INTRODUCTION

- ◆ What is interest? (Interest is the price paid for the use of someone’s savings. It is usually expressed as a percentage, such as 6%. For example, a \$100 savings at a 6% interest rate would give you a return of \$6 over the course of a year. In exchange for allowing a financial institution to use your money, you will receive interest at regular intervals, often monthly. *Explain how financial institutions invest their deposits in order to produce additional funds for the bank as well as for the account holders in the form of interest. Remind students that their money is safe because FDIC insures all deposits up to \$100,000.*
  
- ◆ What is the FDIC?  
*Bank insurance, or the Federal Deposits Insurance Corporation; the **FDIC**, was introduced into banking after the Great Depression to protect the money of depositors. For example, if a thief breaks into a bank and steals all of the money, an agency of the government – the **FDIC** – will repay every customer for up to \$100,000 of that money they lost.*

### ACTIVITY

- ◆ Ask participants where they are currently saving their money.
  
- ◆ Describe the financial institutions available to them. Present ideas slowly—writing financial services provided by bank on board as you talk. Allow for interactive discussion and questions.



## **SUMMARY AND REVIEW**

- Individuals save money for things they may need in the future.
- It is essential to get into the habit of saving.
- There are a number of things to consider in order to achieve financial success.
- It is important to pay yourself.
- Setting aside money is an investment in the future.
- Time is an important factor in building wealth.
- Interest is the price paid for the use of someone's savings
- The FDIC or Federal Deposits Insurance Corporation will repay every customer up to \$100,000 of money they lose from the bank.
- Banks and Credit Unions are financial institutions where people can save their money.
- Money saving options at banks or credit unions includes: savings accounts, checking account, and CD's.