

Activity of the week

What are the advantages of saving money starting at an early age? Who made the better choices in the examples below?

[See chart on tomorrow's page.](#)

How long will it take you to save a million? [See graph on tomorrow's page](#)

The graph below shows how long it will take to save \$1 million at different rates of return, assuming you invest \$2,000 per year. If you were to invest more, you'd reach your goal that much faster!

How old will you be for each scenario above?

Use the rule of 72 to determine:

- * How long it would take to double your first million if you put it in a savings account that earns 5% interest
- * What interest rate you need to double your first million in 10 years.

Regardless of your investment style, every wise investor knows that diversification is a critical element of any investment plan. Why? What would happen to your million if you put it all in one investment and due to a bad turn of events, it lost all its value?

Newspaper Activity:

Unit Four Savings and Investments: Your Money at Work

13. Examine whether the stock market fits your financial goals.
 - Follow the news in the business section for at least a week. Select three stocks in each of which you will invest \$1,000 (you can also do a greater number of stocks with more money, perhaps \$100,000).
 - Graph your investments over time.
 - Compare your results with your peers'.
 - Compute the result with what you would have earned if you had invested the same \$3,000 in an interest-bearing account.
14. How does investing differ from saving? How are they similar? Answer the following based upon your intuition and your results in the previous exercise:
 - Which is safer, investing or saving?
 - Which offers the greater return?
 - Under what conditions would each make more sense?
15. What is the *time value of money*? Explain the three factors that it comprises.

16. In the business section (and possibly the front page, if there is a significant change) follow news about the economy.
- What do you think is the state of the economy, is it expanding or contracting?
 - What is the rate of inflation in the United States?
 - Where do you find the value of the dollar against foreign currency?
17. In the Business section, find the box that says *Foreign Exchange Rate*.
- What is the value of the U.S. **dollar** against the Japanese **yen**, the British **pound**, and the EU **euro** today?
 - What were their values yesterday?
 - Graph its relative value over time. How does our economy reflect the changing value of a dollar?
18. According to the **travel** section, or based on exchange rates, where could you travel to get the best value for your dollar?
19. Explain how simple interest differs from compound interest. Which display ads in your newspaper distinguish between them?
20. Look through today's newspaper ads. Count how many times the word *save* appears in them. Discuss whether the product or service represents a savings on a need or an enticement to a want.
21. Explain the **Rule of 72**. Using the best interest rates you found in the newspaper, calculate when an investment of \$1,800 would double.
22. Returning to the **Business** section, list investment opportunities you find in addition to the stock market.
23. What headlines do you find that refer to *inflation*?

Quiz Question

1/4/08

What is a rate of return?

- A. The amount of total profit you earn on investments.
- B. The interest rate at which your money is growing.
- C. The rate of inflation from the time period you invested money.
- D. The amount of money you decide to invest.

Responses:

- A. Incorrect. A rate of return is an interest rate, not the amount of total profits. Try again!
- B. Correct! A rate of return represents how fast your money is growing. It is the interest rate that you are earning on investments. Don't let financial terms fool you, rate of return and interest rate mean the same thing!

- C. Incorrect. The rate of return represents the interest rate you earn on investments, not the rate of inflation. Try again!
- D. Incorrect. A rate of return is the interest rate at which your investments are growing, not the specific amount of money you chose to invest. Try again!

WEEKLY QUIZ Question: Visit www.cccr.psu.edu to play the S³ Online Game - Save•Spend•Succeed. Your students can use the online game to practice for the Live S³ Game Show available from JA and Penn State Behrend. Two teams will compete for prizes at Penn State Behrend during the year. They will be treated to lunch and will be given a tour of the college.

Each Friday except Friday 11/23, 12/28, 1/18, 3/21, and 4/18 you will receive newspapers from Erie Times-Newspaper in Education program paid for by our sponsors (see below)

Friday newspaper includes weekly financial literacy topics and weekly activities, your space for student writing, a S³ trivia bonus question and newspaper activities to help students make the connections to the real world by using the newspaper as their resource.

See below for this week and for more resources.

Partner WEBSITES for more information

www.erie.ja.org
www.cccr.psu.edu
www.riefcu.org
www.unitedwayerie.org

Financial Literacy Website Resources

NEFE – National Endowment for Financial Education

<http://hsfpp.nefe.org/home/>
<http://www.nefe.org/pages/educational.html>
www.smartaboutmoney.org
<http://www.smartaboutmoney.org/nefe/pages/content.asp?page=1730#Top>
<http://www.cooperativalatina.org/education/curriculum.htm>

NEFE – Teen Resource Bureau Website

<http://www.ntrbonline.org/>

The Jump Start Coalition for Personal Financial Literacy

<http://www.jumpstart.org/>

Money Instructor

<http://www.moneyinstructor.com/>
<http://www.moneyinstructor.com/checks.asp>

Financial Literacy in a Box

http://www.mcul.org/Financial_Literacy_In_A_Box_658.html

Pennsylvania Office of Financial Education – Pennsylvania Department of Banking

<http://www.moneysbestfriend.com/>

CUNA – Credit Union National Association

<http://www.creditunion.coop/>

<http://www.precision-info.com/quiz/quiz.cgi?c=1056147613&t=coop>

Thrive By Five - http://www.creditunion.coop/pre_k/

NCUA – National Credit Union Administration

<http://www.mymoney.gov/>

Money Matters

<http://www.smartcredittips.com/>

National Youth Involvement Board

<http://www.nyib.org>

www.riefcu.org

Treasure Club Kid's Account - <http://www.riefcu.org/savings/treasure-club/>

CU Succeed – For Teens 13 – 18 <http://www.riefcu.org/savings/financial-literacy/>

Scholarships for college students - <http://www.riefcu.org/loans/student-loans/>

“Guides to Independence” Online Interactive Educational Teen Program

<http://www.riefcu.org/savings/financial-literacy/>