

Hyde Park UMC Money

Save all you can

Proverbs 13:11 & 31:16

Key 2: Control your spending

- * Know how much money you have to spend
- * Take action to spend your money on what's most important to you (prioritize)
- * Avoid being “ripped off”
 - * Do your own research (ask family and friends)
 - * Never rely on what a salesman tells you
- * Don't “give in” to the social and advertising pressure to spend



One approach (Jim Harnish)

* 10/10/80

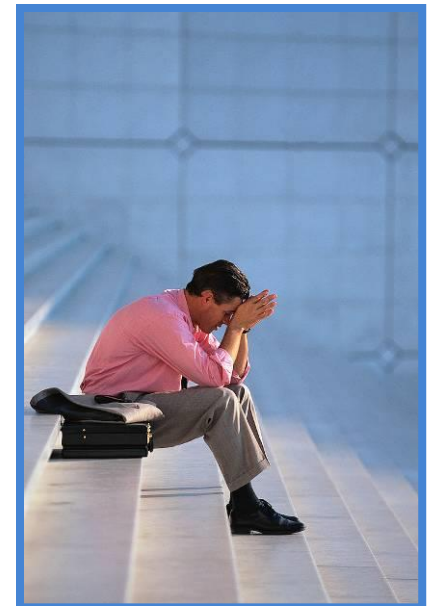
Save 10%

Give 10%

Spend 80%

What happens if I don't control my spending? (hint: they're all bad)

- * You will someday live in poverty
- * Excessive debt
- * Significant stress
- * Failure to achieve your financial goals



What is a Budget?

- * A Plan for managing your money during a given period of time (usually 1 year).
- * It helps you plan ahead so you are able to pay your expenses and have money available for what is important to you.
- * It helps to set goals and take steps to achieve those goals.

Skill: Managing a checking account (is it necessary in the digital world?)

* Two tasks:

1. Stay current: Post all transactions in your checkbook when they happen or shortly thereafter.
2. Balance (reconcile) your checkbook every month with the statement from the bank. This step includes identifying and correcting any incorrect or unauthorized transactions.

Why should you balance your checkbook with your bank statement?

- * Insure you know how much money you actually have to spend (pending transactions from digital services)
- * Insure the charges (deductions) to your bank account are accurate and legitimate

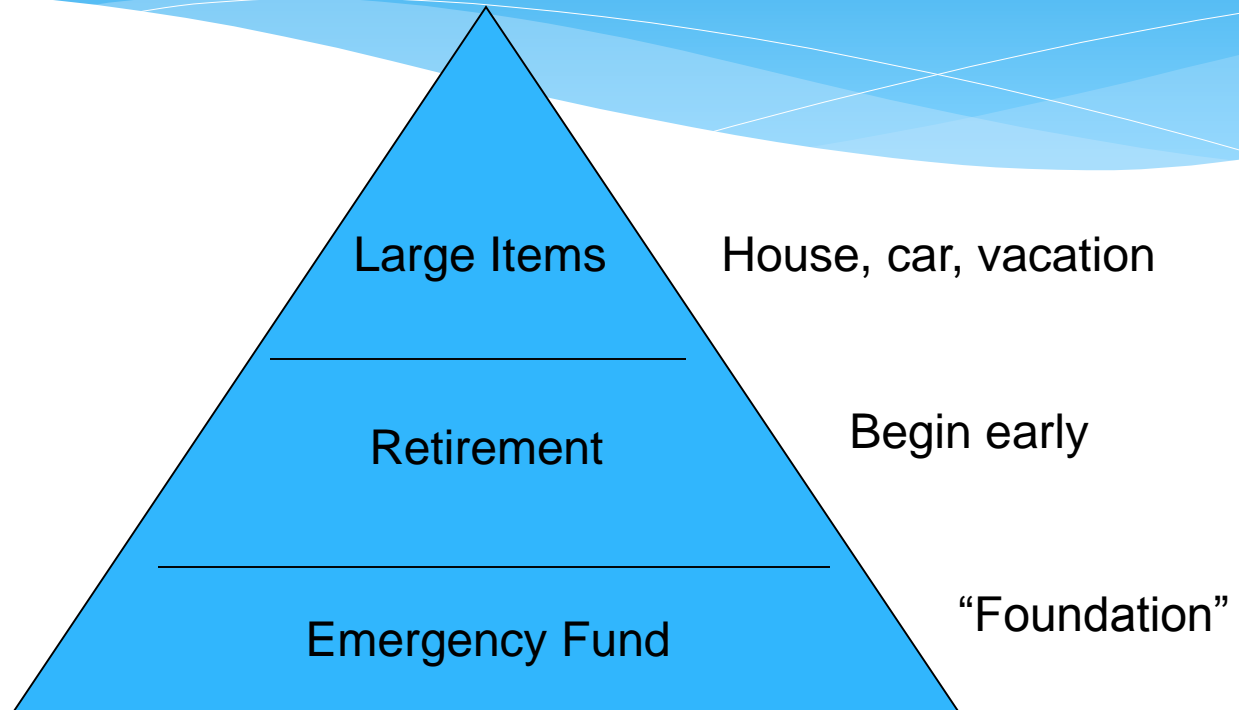
What transactions affect the balance in your checking account?

- * Increases to the balance (credits)
 - * Deposits
 - * Interest income
- * Decreases to the balance (charges or debits)
 - * Checks you write
 - * Debit card purchases
 - * ATM withdrawals
 - * Bank fees charged to your account

Key 3: Savings

- * Why is saving so important?
 1. To build current financial security (emergency fund)
 2. To build future financial security (old age/ retirement)
 3. To buy large items such as cars, homes, etc.

Savings Pyramid



Why do I need an emergency fund?

- * Bad things happen
 - * Loss of job
 - * Severe injury
 - * Car breaks down
 - * Need to help out a family member



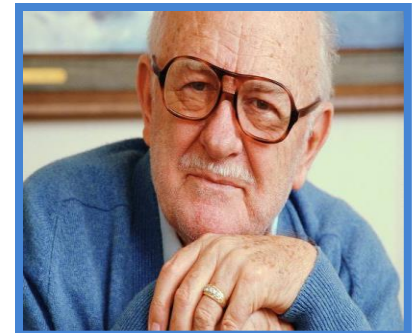
How large should my emergency fund be?

- * General rule: 6 months of spending
- * College students: \$500???
- * You decide



Why is saving for future financial security (retirement) so important?

- * We don't live forever
- * We all reach an age where we no longer wish to work or no longer able to work (most people want to work longer than they are able to work)
- * We can't rely on anyone else to support us in the future



How well have the 'Baby Boomers' saved?

- * Total savings of Americans age 55+
 - * 30% Less than \$10,000
 - * 40% Less than \$50,000
 - * 60% Less than \$100,000
 - * 80% Less than \$250,000



- * Note: Excludes value of primary residence

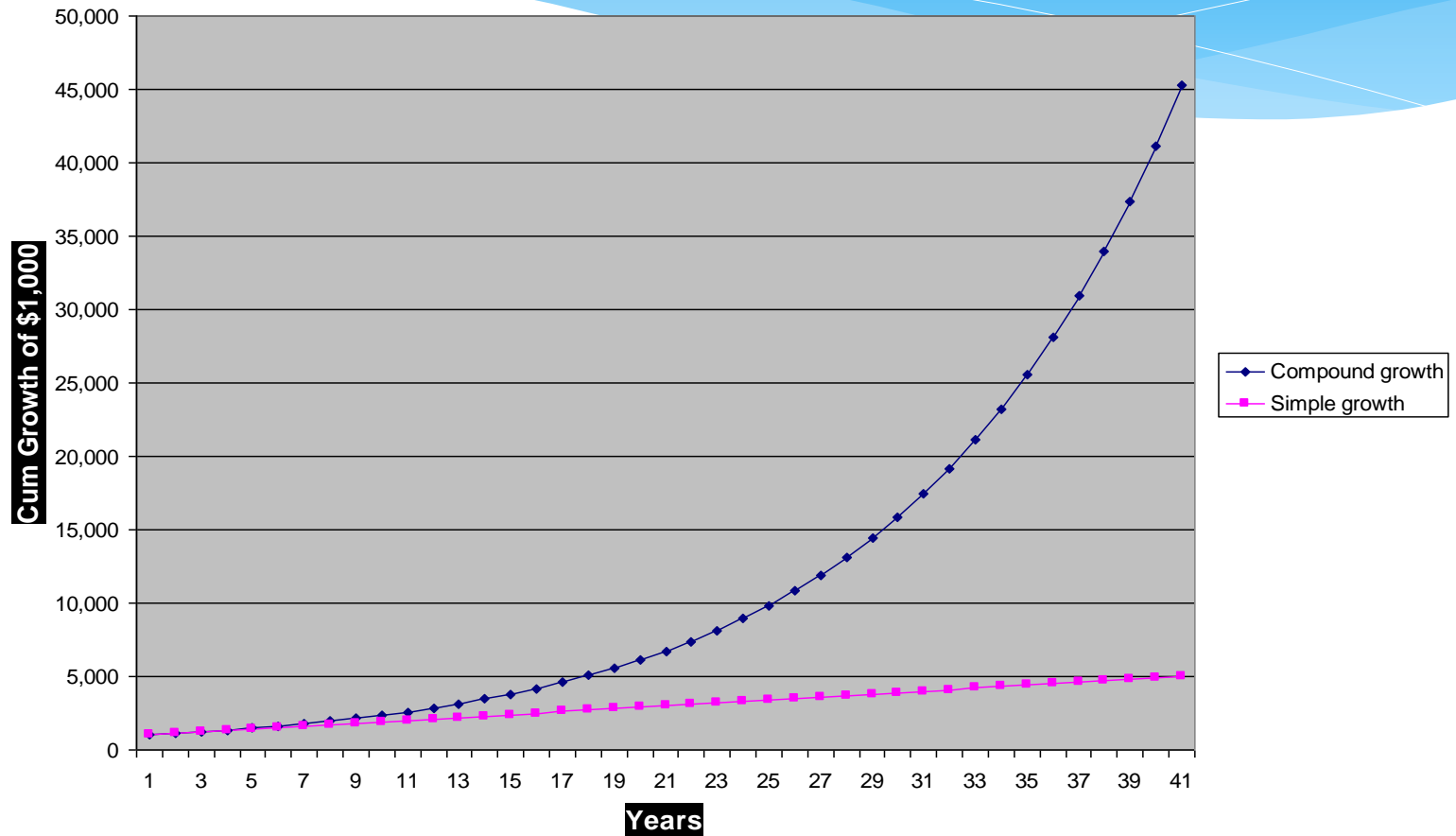
When should I begin saving?

- * As soon as possible
- * During college, have an emergency fund at the minimum
- * When you obtain your first job
- * Beginning to save early takes advantage of the power of “compounding”



Power of Compounding

Compound Growth Curve



How does compounding work?

	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Value	\$1,000	\$1,100	\$1,210	\$1,331	\$1,464
% of Return	10%	10%	10%	10%	10%
\$ of Return	\$100	\$110	\$121	\$133	\$146
Ending Value	\$1,100	\$1,210	\$1,331	\$1,464	\$1,610

How to Become a Millionaire

Timeframe	Savings per year	Value at end
1-5	1,000	6,000
6-10	2,000	20,000
11-15	3,000	46,000
16-20	4,000	89,000
20-30	5,000	246,000
30-40	5,000	555,000
40-50	5,000	1,164,000

Where should I keep my savings?

- * Short term savings: credit union or bank
 - * Do not invest in the stock market
 - * Use savings accounts, CD's and money market accounts
- * Long term savings:
 - * Employer sponsored retirement plan (401k, 403b)
 - * On-Line brokerage account (IRA, ROTH, etc)

Other savings vehicles

- * Social Security
- * HSA
- * FSA
- * Pension

Where can I learn more?

- * Feedthepig.org
- * Bettermoneyhabits.com
- * Moneymanagement.org
- * Nefe.org
- * Smartaboutmoney.org
- * [Juniorachievement.org \(ja-save\)](http://Juniorachievement.org)



Questions??

* What would you like to know?

“money really does matter, but at the same time, it really doesn’t matter”

