Instructor Guide

PAY YOURSELF FIRST

FDIC Money Smart for Young Adults

Building: Knowledge, Security, Confidence

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Module 4: Pay Yourself First Layering Table

Please read the Layering Table Instructions in the Guide to Presenting Money Smart for Young Adults.

Pages	Time (Min.)	Topic	Subtopic & Activities	Target Audiences
8-13	5	Checking In		• Everyone
14-15	10	Overview of Saving	Meaning and benefits of "paying yourself first" • Activity 1: Pay Yourself First Worksheet	• Everyone
16-18	5	Savings Tips	Savings tips	• Anyone who needs help finding ways to save
19-25	20	How Your Money Can Grow	Interest, compound interest, annual percentage yield (APY), Rule of 72	• Anyone unfamiliar with how savings in a bank can grow
26-40	20	Savings Options	Savings account, money market deposit account, certificate of deposit (CD), stocks, bonds, mutual funds, U.S. Treasury securities, retirement investments, how to choose the best investment product, special savings programs • Activity 2: Savings Products • Activity 3: Investment Products	• Anyone interested in learning about different types of savings and investment products
41-42	10	How to Create a Savings Action Plan	• Activity 4: Pay Yourself First Action Plan	• Anyone who wants to save money to finance a future purchase
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Getting Started

Purpose

The *Pay Yourself First* module helps students identify ways to save money. It introduces savings options students can use to save toward their goals.

Presentation Time

Each topic has an approximate completion time listed in the *Pay Yourself First* Layering Table. Use the suggested times to personalize the module based on your students' needs and the given time period. Allow extra time for activities and questions when teaching larger groups.

Materials and Equipment

The materials and equipment needed to present all of the *Money Smart for Young Adults* modules are listed in the *Guide to Presenting Money Smart for Young Adults Curriculum*. Review the guide thoroughly before presenting this module.

Module Activities

- Activity 1: Pay Yourself First Worksheet
- Activity 2: Savings Products
- Activity 3: Investment Products
- Activity 4: Pay Yourself First Action Plan

Important Note

In this module you will give the class examples that include monetary amounts. Since most people have trouble with facts and figures, be sure to show these amounts on the board or on chart paper.

Icons

The following icons are used throughout the Instructor Guide and Participant Guide to indicate what type of activity will be conducted.

Learning Objectives
List the objectives to set the stage for learning.

Flip Chart
Use a flip chart to document students' comments or write important points for students to remember.

Presentation
Present information or demonstrate an idea.

Review
Refer students to and summarize material provided in the Participant Guide.

Activity
Guide students through an activity to support their learning.

Assessment
Direct students to take a short test.

Discussion
Facilitate a discussion about a topic as directed.

Ask a Question
Present a problem or question for discussion.

Character Usage

The following characters will be used in the situational comic strips of the module to depict students in a real-world application of the content. The comic strips and characters can be used to facilitate discussions related to the module content.

Jasmine
Jasmine is an 11th grade student at Lakeview High School. Her activities include hanging out with friends and going shopping. In school, her favorite subject is English and she also swims on the swim team. She works part time on the weekends around the holidays in her aunt's gift shop nearby, and has a younger brother named Dominique. Jasmine wants to attend an in-state college and plans to be an exercise physiologist.

Todd
Todd, a sophomore at Lakeview High School, is shy with a very sarcastic sense of humor. He is always avoiding social situations because he comes from a lower-income family and cannot afford to do the things the other teens are doing. He is very intelligent and is planning to attend college, but he is not sure how he will pay for it or where he will go. Todd works part-time at a fast food restaurant and the local grocery store, and is saving all he can for college.

Ramón
Ramón was born in the United States (U.S.), but his parents are from Peru; they came here when they were teenagers themselves. Ramon is 18 and preparing to graduate from Lakeview High School. He will be attending college on a soccer scholarship and studying mechanical engineering, since his dream job is to work for NASA. Ramón has a little sister, and an older brother who is a pilot in the Air Force. He likes to take his girlfriend to the movies or to play mini golf with the money he earns working as a technician at a local computer shop.

Grace

Grace is an artistic student who wants to go to Fashion Design School after she graduates high school, but her parents want her to go to college. She does not really fit in to the "high school scene," but the teachers really see potential in her to do great things. She works at a clothing store at the mall, and spends her free time on fashion sketches. Since her parents are totally against Grace going to Fashion Design School, she is very careful with her money so she can continue to buy design supplies.

Checking In

Welcome

Welcome to *Pay Yourself First*! Saving money is an important part of building your financial future. This module will give you some tips to help you get started. It will also show you how your money can grow when you save, and will give you some important information about saving and investment products.

Introductions

Before we get started, I will share a little about myself and I would like to know a little bit about you.

[Introduce yourself and share a little of your background and experience.]

Record students' expectations, questions, and concerns on chart paper. If there is anything you will not teach, tell students where the information can be obtained (e.g., another module or a website). Check off their responses at the end of the training to show that the lesson content met their expectations.

As you introduce yourself, state:

- Your expectations
- Questions and/or concerns about the training content

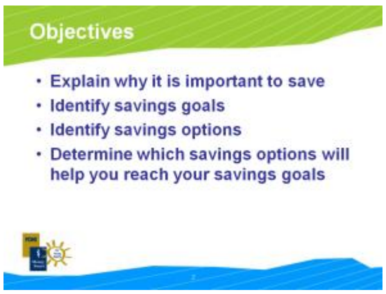
Purpose

The *Pay Yourself First* module will help you identify ways you can save money. It will also introduce savings options that you can use to save toward your goals.

Objectives

After completing this module, you will be able to:

- Explain why it is important to save.
- Identify savings goals.
- Identify savings options.
- Determine which savings options will help you reach your savings goals.



Slide 2: Objectives

Agenda and Ground Rules

In addition to me presenting material to you, we will have classroom and small group discussions and exercises that allow you to practice what you have learned.

If you have experience or knowledge in some aspect of the material, please share your ideas with the class. One of the best ways to learn is from each other. You might be aware of some method that has worked well for you or some pitfall to avoid. Your class contribution will enhance the learning experience. If something is not clear, please ask questions!

Student Materials

Refer students to the Participant Guide. Review its contents and organization.

Each of you has a copy of the *Pay Yourself First Participant Guide*. You can take it home and use it as a reference. It contains:

- Information and activities to help you learn the material
- Tools and instructions to complete the activities
- Checklists and tip sheets
- A glossary of the terms used in this module

What Do You Know?

Use the Pre-Assessment to gauge students' prior knowledge of the content, and customize your presentation focusing on content with which they are the least familiar.

Before we begin we will see what you know about banking services.

Take a few minutes to complete the Pre-Assessment beginning on page 6 of your Participant Guide. It will not be scored and you will be able to determine whether you answered each question correctly as we progress through the module.

Which questions were you unsure of or unable to answer? *[Note: If time is limited, make sure you cover these content areas.]*

What questions do you have about the module overview?

Pre-Assessment

1. What is interest?
   a. The percentage of money you have in your account
   b. The amount of money you save when you open an account
   c. The amount of money banks pay you for keeping money on deposit with them
   d. The amount of money you pay in order to keep your money with a bank or other financial institution

2. What is the Rule of 72?
   a. A formula that lets you know how long it will take for your savings to double in value
   b. A rule banks and other financial institutions use to determine interest rates
   c. A formula to figure out how much money you can save
   d. A rule you can use in order to determine the annual percentage yield (APY)

3. Before investing, you should do which of the following?

a. Ask your employer about how you can invest
b. Talk to your bank or a reputable financial adviser
c. Open a new savings account
d. Buy a house

4. This is an account in which you leave your money for a set term and cannot make withdrawals or deposits during the term.
   a. Club account
   b. Money market deposit account
   c. Certificate of deposit (CD)
   d. Statement savings account

5. This is the product designed for investing money over a long period of time so that you will have money to live on when you retire.
   a. Bonds
   b. Stocks
   c. Mutual funds
   d. 401(k) plan

6. Select all that apply. Paying yourself first means:
   a. Putting some of your income into a savings account before paying bills
   b. Buying personal items before paying bills
   c. Putting money in a savings account if there is any left after paying bills
   d. Putting tax refunds or cash gifts in a savings account before spending the money

7. Saving is important so that you can:
   a. Have money for emergencies
   b. Achieve your financial goals
   c. Manage your money better
   d. Improve your standard of living

e. a and b
f. All of the above

8. Which of the following are ways you can save for retirement? Select all that apply.
   a. Build home equity, then apply for a home equity loan
   b. Invest in stocks, bonds, or mutual funds
   c. Establish a 529 Plan
   d. Enroll in a 401(k) or 403(b) plan

9. Which of the following are good strategies to apply when selecting the savings or investment option that is best for you? Select all that apply.
   a. Select one product to save/invest all your money
   b. Choose savings/investment products that match your risk tolerance
   c. Trust others to give you good investment advice
   d. Re-evaluate your savings/investments periodically

10. What should you consider when establishing goals for saving money? Select all that apply.
   a. The amount of money you want to save
   b. Timeframe of when you need to access the money saved
   c. Ways you can cut spending and save
   d. The APY of different savings products
   e. All of the above

11. Which of the following would be considered a need rather than a want? Select all that apply.
   a. Paying rent/mortgage
   b. Buying new clothes on impulse
   c. Eating out at restaurants regularly
   d. Getting a new Smartphone so it is easier to send text messages to friends

12. Which of the following will help you save money? Select all that apply.
    a. **Pay your bills on time to avoid late fees/extra charges**
    b. **Consider opening a checking account rather than using a check-cashing store**
    c. Make impulse purchases
    d. **Save your change at the end of each day**

13. The best definition for what APY means is:
    a. The amount of interest you pay on a loan
    b. **The annual interest rate you will earn on your savings or other deposit account**
    c. The minimum percent of your income you must save each year to keep your savings account
    d. To be careful you are getting the correct amount of interest on your savings account

10 minutes Overview of Saving

This section will help you gauge how much students know about paying themselves first. Share, or have students read the comic strip on slide 3 or page 9 of their Participant Guide.

Slide 3: Spend or Save?

Facilitate a discussion about paying yourself first. For example, you may want to ask students whether they think Jasmine should save some of the money she received or spend it on the purse she wants and why. You may also want to ask how many students have money saved.

Slide 4: Pay Yourself First

The Meaning of "Pay Yourself First"

What do you think it means to "pay yourself first?" *Acknowledge students' responses.*

"Paying yourself first" means that when you receive money (e.g., a paycheck or monetary gift), you put some of that money in a savings account before you buy things that you want or you pay your bills.

Why would you want to pay yourself first before making purchases or paying bills?

Write students' responses on chart paper.

Slide 5: Benefits of Paying Yourself First

Benefits of Paying Yourself First

There are many reasons to pay yourself first. You can:

- Learn to manage money better
- Save money toward identified goals
- Improve your standard of living
- Have money for emergencies

What are some of the things you might want to save money for?

Write students' responses on chart paper. If the following are not mentioned, add:

- *Unexpected events (e.g., car repairs, loss of a job and income, or hospitalization)*
- *Down payment or deposit for a large purchase (e.g., a car or an apartment)*
- *College*
- *Vacation*
- *Retirement*

Now that we have looked at some reasons to save, we will apply some of those reasons to our own personal circumstances.

Slide 6: Activity 1

Activity 1: Pay Yourself First Worksheet

Look at the Pay Yourself First Worksheet in your Participant Guide. Take a few minutes to think about and write down your goals for the future for which you need to save money. Fill in the top half of the worksheet only (i.e., "My savings goals").

Give students 2 minutes to write down their goals. Ask for volunteers to share their goals with the class. Share some of your goals with the class.

Now we will talk about some ways to save for these goals.

Refer students to Activity 1: Pay Yourself First Worksheet on page 9 in their Participant Guide.

5 minutes Savings Tips

Savings Tips

Many people spend all of the money they make. However, saving money is important.

You may believe you do not have enough money to start saving. Yet, what are some things you can do to start saving money?

Write students' responses on chart paper.

Those are great ideas. Let us look at some more. You can follow along in your Participant Guide while I talk about the first few tips.

Refer students to Savings Tips on page 10 in their Participant Guide.

General Tips

- Consider needs versus wants. Think about the items you purchase on a regular basis. These add up. Where can you save?
  - Do you eat out a lot?
  - Can you cut back on daily expenses (e.g., coffee, candy, or soda)?
- Save at least part of any cash gift you receive.

When You Are On Your Own

- Pay your bills on time. This saves the added expense of:
  - Late fees
  - Extra finance charges
  - Disconnection fees for utilities (e.g., phone or electricity) and fees to reestablish connection if your service is disconnected

  - The cost of eviction or repossession
- Use direct deposit or automatic transfer to savings.
  - When you get paid, put a portion in savings through direct deposit or automatic transfer.
  - If you have a checking account, you may sign up to have money moved into your savings account every month. What you do not see, you do not miss!
  - You may be able to purchase U.S. Savings Bonds through payroll deduction. Visit the Payroll Savings section of www.treasurydirect.gov or ask your employer.
- Consider opening a checking account at a bank or credit union instead of check-cashing stores. If you use check-cashing stores regularly, you might pay a fee equal to 2 percent, 4 percent, or more of every check you cash. This can easily add up to several hundred dollars in fees every year. If you would like more information about checking accounts, review the *Check It Out* module.
- Save extra money you receive from raises or bonuses at work.
- Avoid debt that does not help build long-term financial security. For example, avoid borrowing money for things that do not provide long-term financial benefits (e.g., a vacation, clothing, and meals at restaurants). Examples of debt that helps build long-term financial security include:
  - Paying for college education
  - Buying or remodeling a house
  - Buying a car to get to work
- Keep making monthly payments to yourself once you pay off a loan (e.g., for a car). You can save or invest the money for your future goals.
- Save your change at the end of the day. Take that change and deposit it into the bank every week or month.
- Save your tax refunds.
- Join your employers retirement program (e.g., a 401(k) or 403(b) plan) that deducts money from your paycheck.

Many employers will match up to $.50 on each dollar you contribute. The matched amount is free money! Plus, your contributions can lower your income tax bill, so you may hardly even notice the money you have invested. So, even if retirement is 45 years away, this is an excellent way to save. By starting young, you will be able to save more money than if you waited until you were older to start saving. This is because of the power of compound interest that allows money saved early to grow significantly over a longer period of time.

What questions do you have about these tips and strategies?

Activity 1

You now have some great ideas on how to save, many of which you can probably use right now. Go back to the Pay Yourself First Worksheet and fill in the second half (i.e., “Strategies to save for my goals”). Write down some ways to save for the goals you have already identified, using the tips and strategies we have just discussed.

Refer students to Activity 1: Pay Yourself First Worksheet on page 9 in their Participant Guide.

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Ask for volunteers or call on students to share their ideas on how they plan to save. Give the class an example from your own experience to get them started.

We have talked about why it is important to save and have identified some tips for saving money. Now we will look at the real benefit of saving money—how your money can grow.

20 minutes How Your Money Can Grow

Making regular payments to yourself, even in small amounts, can add up over time. The amount your money grows depends on the interest earned and the amount of time you leave it in the account.

Slide 7: How Your Money Can Grow

Interest

Interest is an 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 the amount of money in your account.

If you have $1,000.00 stashed away under your mattress for a year it will still be $1,000.00 at the end of the year, providing that it has not been lost or stolen. Your mattress is not paying you interest for keeping your money under it.

Compound Interest

Compounding is how your money can grow when you keep it in a financial institution that pays interest. When the bank compounds the interest in your account, you earn money on the previously paid interest in addition to the money already in your account. But not all savings accounts are created equal. This is because interest can be compounded daily, monthly, or annually.

Refer students to Compound Interest on page 12 in their Participant Guide.

We are going to look at several charts that will help you understand how compound interest works.

The first chart is the Annual versus Daily Compounding chart.

- Note that $1,000.00 compounded annually at 1 percent earns you $10.00 in interest at the end of the year. Interest has been calculated once, at the end of the year. This is more than if you had kept it under your mattress.

Refer students to the Compounding Interest Over Time chart in their Participant Guide. Describe how interest adds up based on *how often it is compounded and how long it remains in the account.*

- If you deposit $1,000.00 in an account that has daily compounding, at the end of the day you would have $1,000.03.
- The next day, the interest would be calculated based on the amount of your original deposit PLUS the previously earned interest: $1,000.03, rather than just $1,000.00.
- By the end of the year, you will have $1,010.05. The extra $.05 does not seem like much, but the next chart shows how it can add up over time.

Annual versus Daily Compounding

The more frequently interest compounds, the faster it grows.

Annual Compounding	Daily Compounding
• Start with $1,000.00 at 1% compounded annually. • At the end of the first day, you still have $1,000.00. • At the end of the year you have $1,010.00 (i.e., $10.00 or 1% of $1,000.00 added to the original deposit).	• Start with $1,000.00 at 1% compounded daily. • At the end of the first day, you have $1,000.03. • **On** the second day, add the interest earned (i.e., $.03, and compound the total amount—$1,000.03…) • At the end of the year, you have $1,010.05 from compounding each day's interest rate added to $1,000.00.
Total: $1,010.00	**Total: $1,010.05**

Compounding Interest Over Time

	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

Five cents adds up over time when compounded daily!

Refer students to Saving Money on page 13 in their Participant Guide.

Saving Money

You do not need $1,000.00 to see the power of compounding.

For example, let us say a slice of plain pizza costs $2.00, and you buy a slice every week for the next 50 years until about the time you retire. You will spend $5,200.00 ($2.00 x 52 weeks x 50 years) on pizza and receive no investment. However, if you had give up that slice of pizza and invested the money in an account earning 8 percent interest compounded, for example, you could have earned over $64,578.87. Which would you rather have with that money—pizza that costs $5,200.00 or more than $64,000.00 in your account?

Now look at the next charts. They show how even small amounts of savings add up. *Explain how much $.50, $1.00, and $5.00 grows the longer it is saved.*

You can see that when you save $.50 or $1.00 a day at 2 percent you make only a small amount (i.e., an extra $2.00 or $3.00) in compound interest by the end of 1 year. The real power of compounding shows at the end of 30 years when you make an extra $2,020.00 ($7,480.00 – $5,460.00) or $4,010.00 ($14,960.00– $10,950.00)!

The last chart shows what happens to your money when you save just $5.00 a day at 2 percent interest that compounds daily.

The chart shows a difference of only $18.00 ($1,838.00 – $1,825.00) at the end of the first year. However, compounding daily after 30 years will give you an extra $20,048.00 ($74,798.00 – $54,750.00)!

You may or may not currently have a savings account, but it is never too early to start saving! We will talk about other savings options later.

Saving 50 cents a day:

	No interest	**2% Daily Compounding**
Year 1	$182.00	$184.00
Year 5	$912.00	$957.00
Year 10	$1,820.00	$2,014.00
Year 30	$5,460.00	$7,480.00

Saving $1.00 a day:

	No interest	**2% Daily Compounding**
Year 1	$365.00	$368.00
Year 5	$1,825.00	$1,914.00
Year 10	$3,650.00	$4,029.00
Year 30	$10,950.00	$14,960.00

Saving $5.00 a day:

	No interest	**2% Daily Compounding**
Year 1	$1,825.00	$1,838.00
Year 5	$9,125.00	$9,569.00
Year 10	$18,250.00	$20,144.00
Year 30	$54,750.00	$74,798.00

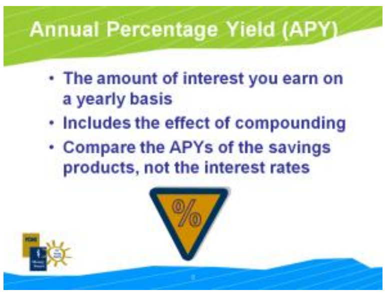
What questions do you have about compound interest?

Annual Percentage Yield

Another important concept you need to know about is Annual Percentage Yield (APY).

APY reflects the amount of interest you will earn on a yearly basis. It is expressed as a percentage.

- The APY includes the effect of compounding. The more often your money compounds, the higher the APY and the more interest you will receive.
- When comparing different accounts, you should compare the APYs of the savings products not the interest rates.



Slide 8: Annual Percentage Yield (APY)

Calculating APY is optional material. Use your discretion to determine if it is appropriate for your students.

Here is how to calculate APY:

$$\text{APY} = 100\left[(1 + \text{Interest/Principal})^{(365/\text{Days in term})} - 1\right]$$

- **Principal** is the amount of funds assumed to have been deposited at the beginning of the account.
- **Interest** is the total dollar amount of interest earned on the Principal for the term of the account.
- **Days in term** means the actual number of days in the term of the account.

When the days in term is 365, the APY can be calculated by using the following simple formula:

$$\text{APY} = 100\ (\text{Interest/Principal})$$

For example, if a bank pays \$61.68 in interest for a 365-day year on \$1,000.00 deposited into an account, using the general formula above, the APY is 6.17 percent:

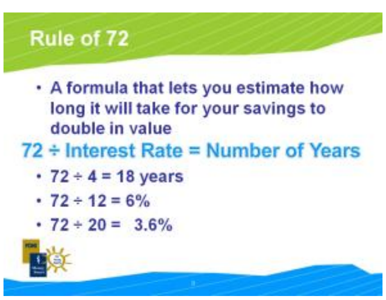
$$\text{APY} = 100[(1 + 61.68/1{,}000)^{(365/365)} - 1]$$
$$\text{APY} = 6.17 \text{ percent}$$

Or, using the simple formula above since (as an account without a stated term) the term is deemed to be 365 days:

$$\text{APY} = 100(61.68/1{,}000)$$
$$\text{APY} = 6.17 \text{ percent}$$

If you are planning to open a savings account, or want to get more out of the one you already have, ask your bank's customer service representative for the Truth in Savings disclosures. These disclosures list the APY and other important information that you should know about the accounts you are interested in.
There is another important concept that you should know about concerning how your money can grow. It is called the Rule of 72.

Rule of 72
The Rule of 72 is a formula that lets you estimate how long it will take for your savings to double in value. This calculation assumes that the interest rate remains the same over time and interest is compounded once a year.



Slide 9: Rule of 72
Click the space bar, right arrow, or mouse to display the answer to the final

Here is how you calculate it:

- Divide 72 by the current interest rate to determine the number of years that it will take to double your initial savings amount.

$$72 \div \text{interest rate} = \text{number of years}$$

- For example, if you invest \$50.00 in a savings account at a 4 percent interest rate, it will take 18 years for your initial savings of \$50.00 to double.

equation after students have provided their responses.

72 ÷ 4 = 18 years

You can also find out how much compound interest you need to have when you know how many years you need for your initial savings amount to double.

Here is an example of how this works:

- If you put $500.00 in an account that you want to double in 12 years, you will need an interest rate of 6 percent.

72 ÷ 12 = 6 percent

See if you can figure out the interest rate you need to double your money.

- If you want your savings account to double in value in 20 years, what interest rate would the account need to have?
  Answer: 72 ÷ 20 = 3.6 percent

What questions do you have about the Rule of 72?

If the question is raised, the number 72 was determined based on a series of detailed mathematical equations that involve basic calculus.

There are many other terms related to savings and interest in the glossary in the back of the Participant Guide. When you get home, take some time to review them.

Now that you know about the benefits of saving and how money can grow, we will look at the different types of savings and investment options that you can choose from.

20 minutes Saving and Investing

Slide 10: Savings Products

Savings Products

You have already learned that, with a savings account, you make money by earning interest. The bank pays you interest for the opportunity to use your money. A savings account also ensures that your money is safe and that you have easy access to it.

Two other common savings products include: *money market deposit accounts* and *certificates of deposit (CDs)*.

Money market deposit accounts tend to offer higher interest rates than savings accounts and often give you check-writing privileges. Money market deposit accounts may also require a higher minimum balance (e.g., $1,000.00). Do not confuse money market deposit accounts, which are generally insured by the Federal Deposit Insurance Corporation (FDIC) with money market mutual funds because they are not federally insured.

CDs are accounts in which you leave your money for a set period of time (e.g., 6 months or 2 years). This period of time is called a term. You usually earn a higher rate of interest than with a regular savings account. The longer you promise to keep your money in the account, the higher the interest rate. These accounts require a minimum deposit (e.g., $500.00 or $1,000.00). You will have to pay a fee called an “early withdrawal penalty” if you withdraw your money before the term has ended.

FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts, and CDs. This means that money you have deposited in insured financial institutions is guaranteed up to the maximum amount allowed by law ($250,000.00 per depositor, per bank) if the financial institution goes out of business and cannot pay you your money. Likewise, the National Credit Union Administration (NCUA) insures your money up to $250,000.00 per depositor at insured credit unions. FDIC insurance does not cover other financial products and services that banks may offer (e.g., stocks, bonds, mutual fund shares, life insurance policies, annuities, and securities).

The FDIC has an online tool called **Electronic Deposit Insurance Estimator (EDIE):** www.myfdicinsurance.gov. EDIE lets you calculate the insurance coverage of your accounts at each FDIC insured institution.

What questions do you have about these savings products?

Activity 2: Savings Products
Now that you are familiar with several savings products, try to determine which savings product would be best for each situation.

Slide 11: Activity 2
Refer students to Activity 2: Savings Products on page 15 in their Participant Guide.

Give students 5 minutes to complete the activity. Provide the correct answers and additional information.

Savings Products:
CD
Savings account
Money market deposit account

1. You have about $500.00 you want to set aside and do not need to withdraw this money for at least 1 year. You want to place it into an account that earns you a higher interest rate than in a regular savings account. *Answer: CD.*
2. You received $100.00 for your birthday and you want to start saving money. *Answer: Savings account.*
3. Your parents have $3,000.00 they would like to deposit. They want to open an account that provides higher interest rates than a savings account. They also want to be able to

write checks from this account. *Answer: Money market deposit account.*

With savings products, you will likely receive a statement from your financial institution. Remember to always check your bank records and statements to be sure they are accurate.

What questions do you have about savings products?

Now, we will look at investment options to help you reach your long-term savings goals.

Slide 12: Non-Deposit Investment Products

Non-Deposit Investment Products
For the purposes of this lesson, an *investment* is a long-term savings option that you purchase for future income or financial benefit.

While some investment products are sold at banks, they are not the same as deposit accounts because the money you invest is not federally insured. When you invest money, there is also a greater risk of losing it than if you put your money in a savings or other deposit account.
In fact, you might lose the entire amount you invest if the investment does not perform well. On the other hand, your investment may earn and grow more than a regular savings account because of the risk you take when you invest your money.

In general, the higher the risk the higher the expected rate of return on the investment. You make money on investments by selling them for more than you paid for them, or by earning dividends and interest. The money you earn is considered income, and you may have to pay taxes on it.

Types of Investment Products
More popular types of investment products that you can buy include:

Slide 13: Types of Investment Products

- Stocks
- Bonds
- Mutual funds
- U.S. Treasury securities
- Retirement investments

Slide 14: Stocks

Stocks

When you buy a stock you own part of the company, called a share. When the company does well financially, you may periodically receive dividends or a portion of the company's profits.

The value of your investment changes as the company's stock price changes. When you sell the stock, you may either earn additional money or lose money.

Slide 15: Bonds

Bonds

When you buy a bond you are lending money to a corporation or government entity for a certain period of time, called a term. The corporation or government promises to repay the amount of money you are lending it on a specified date in the future or by making regular interest payments to you. You may lose money if the corporation fails to honor its promises.

U.S. Savings Bonds are a long-term investment option backed by the full faith and credit of the U.S. Government. There are two types of savings bonds: I and EE bonds. These bonds can be purchased at a financial institution for as little as $25.00 or through payroll deductions.

I Bonds are purchased at face value, which is the amount printed on the bond. In other words, a $50.00 bond will cost $50.00.

- I Bond interest rates are composed of a fixed rate plus an inflation rate, which may change every 6 months. Interest is added to the bond monthly and is paid when the bond is cashed.

- I Bonds must be held for 1 year before they can be cashed.
- If an I Bond is cashed within the first 5 years, there is a 3-month interest penalty.

EE Bonds are normally purchased at half their face value, so a $50.00 bond will cost $25.00.

- If you buy EE bonds electronically via www.TreasuryDirect.gov, they are sold at face value.
- All EE Bonds purchased after May 2005 earn a fixed rate of interest.
- EE Bonds must be held for at least 1 year before they can be cashed.
- If an EE Bond is cashed within the first 5 years, there is a 3-month interest penalty.

Mutual Funds

Mutual funds are offered by companies that combine money from many investors to purchase numerous separate investments. The investment products in a mutual fund are managed by a professional and typically include numerous stocks and bonds. Like stocks, mutual funds may pay dividends and they may also gain or lose money over time.

Slide 16: Mutual Funds

By combining your money with the money of other investors, you can diversify even a small investment. *Diversification* is the concept of “do not put all of your eggs in one basket.”

Diversification reduces the risk that you will lose your money because you spread the risk of loss across many savings and investment options. Investors hope that if one investment loses money, the other investments will more than make up for those losses.

U.S. Treasury Securities

Treasury securities are unique from the other types of investment products because they are backed by the full faith and credit of the

Slide 17: U.S. Treasury Securities

U.S. Government. Treasury securities include:

- *Treasury bills* or T-bills that are sold at a discount from their face value and range in terms from a few days to 6 months. When a T-bill matures, you will be paid the face value. They pay interest every 6 months.
- *Treasury notes* or T-notes that pay interest every 6 months and are issued in terms of 2, 3, 5, and 10 years.
- *Treasury Inflation-Protected Securities (TIPS*) that provide protection against inflation, with an interest rate tied to the Consumer Price Index. TIPS pay interest twice a year.
- *Treasury bonds*, or T-bonds, that pay interest every 6 months and range in terms from 10 to 30 years.

The minimum purchase price for these products is $100.00. Buying U.S. Treasury securities and Savings Bonds is a safe investment because your money is backed by the U.S. Government. Savings bonds may be purchased through a payroll deduction, through your financial institution, and at www.TreasuryDirect.gov.

Retirement Investments

Several investment products are designed to help you save toward retirement:

- Individual retirement arrangements (IRAs)
- 401(k) and 403(b) plans
- Variable annuities

Slide 18: Retirement Investments

IRAs

An IRA, also known as an Individual Retirement Account, is the most basic sort of retirement arrangement. With an IRA, you deposit money into an account that may include a combination of stocks, bonds, mutual funds, or Treasury securities.

These types of accounts are tax exempt and generally designed to help ensure adequate income for retirees. Though an IRA generally grows over time due to interest earned and your

Slide 19: IRAs

contributions, it may lose value depending on the stock market and your investment choices. You should talk to an experienced investment professional for help in making the best investments for you.

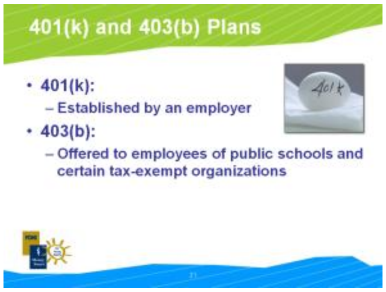
Types of IRAs:

- A *traditional IRA* is a personal savings plan that gives you tax advantages for saving for retirement. Contributions to a traditional IRA may be tax deductible, based on the amount of your contribution and your income. The earnings on the amounts in your IRA are not taxed until they are distributed (you withdraw them). A traditional IRA can be established at many different financial institutions including banks, insurance companies, and brokerage firms.
- A *Roth IRA* is also a personal savings plan, but operates somewhat the reverse of a traditional IRA. For instance, contributions to a Roth IRA are not tax deductible while contributions to a traditional IRA may be deductible on your annual income tax return. However, while distributions (including earnings) from a traditional IRA may be included in income, the distributions (including earnings) from a Roth IRA are not included in income. For both IRA types—traditional and Roth—earnings that remain in the account are not taxed. A Roth IRA can be established at the same types of financial institutions as a traditional IRA.
- Under a *payroll deduction IRA*, an employee establishes an IRA (either a traditional or a Roth IRA) with a financial institution. The employee then authorizes his or her employer to transfer a certain amount, or percentage, of their pay into the IRA.

401(k) and 403(b) Plans

A *401(k)* plan is a retirement savings plan established by an employer that lets its employees set aside a percentage of their pay for retirement before taxes are taken out. This can help lower your tax bill.

A *403(b)* plan is a retirement savings plan for employees of public schools and certain tax-exempt organizations.



Slide 20: 401(k) and 403(b) Plans

Characteristics of 401(k) and 403(b) plans include:

- A maximum contribution limit each year—you can invest up to a certain amount of your own money, not counting interest earned
- A penalty, or fee, on early withdrawal before age 59½, except in special circumstances
- Portability—you can move the money into an IRA (called *rolling over*), or roll it over into a new 401(k) plan if you change employers
- Choices—generally, you get to choose how to invest the money in your plan
- Your employer may match a certain percentage of the money you invest in the retirement plan; not taking advantage of this match is like leaving free money on the table.

Slide 21: Variable Annuities

Variable Annuities

A *variable annuity* is an insurance contract that invests your premium in various mutual fund-like investments. It is usually sold by financial brokers and insurance agents as an investment toward retirement. The brokers and agents earn a commission on the annuity sold, and may be motivated to sell you something that may not be best for you financially.

Variable annuities can be <u>very</u> costly. You should hold the annuity for at least 10 to 20 years to justify the fees.

Slide 22: Activity 3
Refer students to Activity 3: Investment Products on page 21 in their Participant Guide.

Activity 3: Investment Products
Now see if you can match each investment product with the appropriate description.

Give students 5 minutes to complete the activity. Provide the correct answers and additional information.

Investment Products:

Stocks	Retirement Investments	Mutual Funds
Bonds	U.S. Treasury Securities	

1. You may purchase these at a financial institution for as little as $25.00. Interest is added monthly and typically paid to you at the end of the term. *Answer: Bond.*
2. You purchase these when you buy a share of a corporation. You may periodically receive dividends or a portion of the company's profits. *Answer: Stocks.*
3. These types of accounts are tax exempt and generally designed to help ensure adequate income for retirees. *Answer: Retirement investments.*
4. These products are offered and managed by companies that combine money from many investors to purchase numerous separate investments. *Answer: Mutual funds.*
5. These investment products are backed by the U.S. Government and the minimum purchase price is $100.00. *Answer: U.S. Treasury securities.*

What questions do you have about these investment products?

How to Choose the Best Investment
Investments can benefit you financially, but you need to be well prepared and ready to take on the responsibility. Do not rush into any investment. Make sure you know all things to consider when

Refer students to How to Choose the Best Investment on page 21 in their Participant Guide.

choosing an investment.

Before investing, make sure to:

- Talk to your parent or guardian, your bank, your employer, a reputable financial advisor, and/or an investment firm.
- Have a savings cushion that will allow you to pay your expenses for a minimum of at least 3 to 6 months before you invest. These funds should be in an account that you can easily access (is liquid). Because of this, you will want to wait until you are financially stable before investing. While you might find this cushion hard to attain, even a small rainy day fund is important. So, save your pennies now because it will all pay off when you begin your career and need to borrow from yourself for unexpected expenses.
- Learn about the investment from the prospectus, financial magazines, and the plan administrator.
- Remember that past performance is not a guarantee of future performance.
- Consider how long you plan to keep your money in the investment. Investors can help you protect your money from the ups and downs of the stock market by following a consistent pattern of adding new money to your investments over long periods of time.
- Diversify. You should have a mix of investment products that reflect your needs for return, safety, and long-term savings.
- Re-evaluate your investments as your life changes and priorities shift.
- Determine how much risk you are willing to tolerate. Remember, there is a tradeoff between risk and return.
- Avoid circumstances that can lead to fraud. Scam artists often use a highly publicized news item or deceptive claims to lure you in and make their "opportunity" sound more legitimate. Ask questions and check out their answers with another unbiased source (e.g., friends, family, other financial advisors) before you invest.

- Consider joining an investment club if you are interested in learning about investing. Investment clubs are groups of people who work together to understand the process and value of investing even small amounts of money (e.g., $5.00 to $10.00).

Before investing for retirement:

- Ask your employer (when you have a full-time job) about any retirement programs offered through your job. If the employer matches your retirement savings, be sure to save as much as you can to maximize the employer's match.
- Learn more about investment options from your bank's customer service representative or a reputable financial advisor.
    - Do not follow investment advice blindly. Do your own research.
    - Read the prospectus of an investment product or instrument carefully.
    - Get more information from reliable sources.
        - www.investor.gov
    - Use the public library for more resources.
- Do not invest in anything you do not fully understand.

Remember, investments are NOT federally insured. You can lose the interest AND the principal of your investment.

Refer students to the *Paying for College and Cars* module and *A Roof Over Your Head* for more information.

What questions do you have about these investment tips?

You should also know about two special savings programs.

Slide 23: Special Savings Programs
Refer students to Special Savings Programs on page 23 in their Participant Guide. Share the major features of these accounts and encourage students to read the rest of the information when they get home.

Special Savings Programs
It is never too early to think about how you will save money. There are two special programs that will help you save money in addition to the ones we addressed previously. They are:

- The Individual Development Account (IDA)
- The 529 College Savings Plan

Provide any information about special accounts offered by local financial institutions.

Individual Development Accounts
IDAs are matched savings accounts. When an account is matched, it means another organization (e.g., a foundation, corporation, or government entity) agrees to add money to your account to match the money you deposit and save.

Note: IDA programs are not available in all communities; income restrictions apply, and the ability to enroll in a program can be competitive.

How can I use IDAs?
If you open an IDA, the money must be used for a specific purpose. Allowable purposes may include:

- Job training
- College education
- Small business startup
- Down payment for a home

There are a few programs that allow you to save for other purposes. However, most programs will only offer accounts for the purposes listed above, because they are likely to increase your future financial security.

How do IDAs work?
Each IDA program is a little different, so you must ask the person who runs the program in your area about the details. However, all

IDA programs have many similar features. IDA programs are generally run by local community-based organizations. They help to recruit eligible people into the program and usually organize the required training sessions for the participants.

How can I open an IDA?
If you are interested, you can:

- Check the following website to search for programs by state: www.idanetwork.org.
- Ask local Community Action Agencies, other community groups, and bankers if they know of any programs in the area.

529 College Savings Plan
According to U.S. Census Bureau statistics, people with a college degree earn over 60 percent more on average than those with only a high school diploma. Over a lifetime, that is a more than a $1 million gap in earning potential. It is wise to consider getting an education beyond high school.

What is a 529 Plan?
A *529 Plan* is an education saving plan operated by a state or educational institution. It is designed to help families set aside funds to pay for future college costs. There are two kinds of plans: prepaid tuition and savings. Every state offers at least one kind of 529 Plan.

- **529 Prepaid Tuition Plan:** Pre-paid tuition plans allow savers to purchase units of college education at participating colleges and universities for future tuition expenses. Some higher education institutions also offer their own 529 prepaid programs that allow you to target your tuition prepayment to the sponsoring institution or group of institutions. Be sure to understand at what universities the tuition can be used. For state plans, know whether the value of the plan can be used at a private university or state university outside of that state. You may not get the full value of your prepaid account if used at a private or out-of-state school. Check with your local plan administrator for details.

- **529 Savings Plan:** An account holder may choose to invest contributions in several investment options (e.g., stocks, bonds, or mutual funds), which the college savings plan invests on behalf of the account holder. The full value of the account can be used at an accredited college or university in the U.S. and at some foreign institutions. Some states now offer 529 college savings plan options that are FDIC insured. Investments in college savings plans that invest in stocks, bonds, or mutual funds are not guaranteed by state governments and are not federally insured. Carefully consider the plan's investment objectives, risks, charges, and expenses before investing any money.

What are the advantages of 529 Plans?

- Investments grow tax deferred, and distributions are not subject to federal tax (and often state tax) if they are for eligible college costs of the beneficiary.
- Plan assets are professionally managed either by the state's treasury office or by an outside investment firm hired as the program manager.
- Everyone is eligible; there are no income limitations or age restrictions.

What are some ways to save for college?

- Establish 529 Plans to save for college (tax deferred).
- Buy U.S. Savings Bonds to save for college. This is easy through automatic payroll deductions, and earnings may be tax-exempt if qualified.
- Reduce college costs by completing college work during summer terms at a school close to home, provided the credits will transfer.
- Take some transferable credits when in high school by

attending advanced placement courses in the senior year, or taking a College Level Examination Program (CLEP) exam.

- Consider studying in-state and commuting to college from home to lower tuition and room and board costs.
- Buy used books and reduce the use of supplies.
- Learn to cook and do laundry to reduce the cost of living while boarding.
- Plan ahead for trips between school and home on the holidays and school breaks. Catch super-saver deals.
- Look for need-based and academic achievement-based scholarships.
- Check out the Reserve Officer Training Corps (ROTC) office on campus for scholarship offers if you are interested in serving in the military.

Other Investments

Owning a home or business are two additional ways to invest. Why do you think owning a home can be an investment?

Acknowledge students' responses.

Slide 24: Other Investments

Owning a home can be an investment because the house may increase or appreciate in value. When your home increases in value and your debt decreases as you pay the mortgage, your equity increases.

Equity is the difference between how much the house is worth and how much you owe on the house.

Value of home	= $250,000.00
Minus debt (how much you owe)	= $200,000.00
Equity	= $ 50,000.00

Owning a business is also considered an investment. Starting a business can be risky. If planned and managed correctly, however, the business has the potential to increase your future financial security.

These are things to think about as you become adults. Purchasing a home and opening a business may be things you want to think about after college or when you enter the workforce.

What questions do you have about the investments and strategies we have discussed today?

Let us look at how to select the right combination of savings and investment products for you.

10 minutes How to Create a Savings Action Plan

Slide 25: Activity 4
Refer students to Activity 4: Pay Yourself First Action Plan on page 27 in their Participant Guide.

Activity 4: Pay Yourself First Action Plan
We are going to use the Pay Yourself First Action Plan to write down the action steps we intend to take to save toward our goals. *Review the form with students.*

The top half of the plan gives you space to record answers to decisions you need to make before deciding on the steps you will take. The bottom half of the plan gives you space to record the steps you can start taking now, a month from now, and a year from now.

Decision Factors
You need to consider three decision factors when selecting the best savings and investment options:

- How much money do you want to accumulate over a certain period of time? *You can figure this out by using the Rule of 72. This rule tells you how long it will take for your savings to double in value. It also tells you what interest rate you will need when you know in how many years you want your money to double.*
- How long can you leave your money invested? *If you have*

some money you will not need for several years, you might consider investment options (e.g., stocks, bonds, or mutual funds). On the other hand, if you think you might need access to your money right away, it might be best for you to keep it in a savings account where you have immediate access to it.

- How do you feel about risking your money? *If you are not comfortable with risk and cannot afford to lose the money, you might consider depositing your money in an insured financial institution. You will need to shop around for the account that best meets your needs.*

Action Plan

For the action plan, consider your financial goals and how you can save to reach them. For example, you might be able to cut back on the number of sodas you drink each day. Saving $1.00 a day adds up to $365.00 by the end of the year.

What can you do by the end of the month to save? What can you do by the end of the year to save? *Give examples of steps students can take to save now, a month from now, and a year from now.*

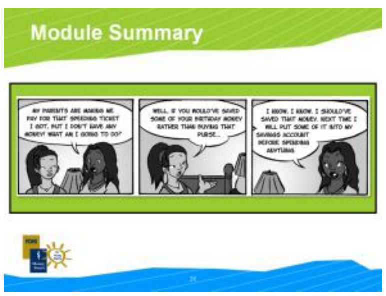
Take a few minutes to begin answering the questions on the form.

- What will I do now to save toward my future goals?
- What will I do by the end of the month to save toward my goals?
- What will I do by the end of the year to save toward my goals?

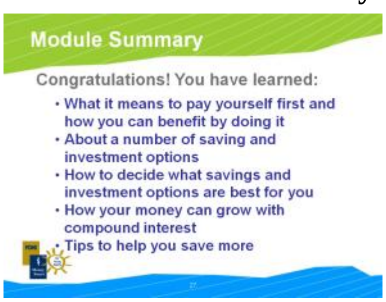
What final questions do you have about paying yourself first?

5 minutes

Module Summary



Slide 26: Module Summary



Slide 27: Module Summary Review what was covered in the module, and student expectations listed at the beginning, to make sure all student questions have been covered.

Share, or have students read the comic strip on slide 26 or page 28 of their Participant Guide. Facilitate a conversation about what Jasmine learned.

What have you learned about paying yourself first?

Have students complete the Knowledge Check and answer any final questions they have.

Now turn to page 29 in your Participant Guide. Complete the Knowledge Check and see what you have learned today.

What final questions do you have?

Congratulations! You have completed the *Pay Yourself First* module. We have covered a lot of information today about how to save for the future. You learned:

- What it means to pay yourself first and how you can benefit by doing it
- A number of saving and investment options
- How to decide what savings and investment options are best for you
- How your money can grow with compound interest
- Tips to help you save more

You should now be able to take this information and begin saving!

Knowledge Check

1. What is compound interest?
    a. The percentage of money you have in your account
    b. The amount of money you save when you open an account
    c. The amount of money banks pay you for keeping money on deposit with them
    d. The money you earn on previously paid interest and the money already in your account

2. The Rule of 72 allows you to estimate which of the following? Select all that apply.
    a. The number of years it will take you to double your savings
    b. The amount of money you can save with a specific interest rate
    c. The amount of money you can save in a specific number of years
    d. The compound interest rate needed to double your savings within a specific number of years

3. Which of the following products is generally insured by the FDIC?
    a. CDs
    b. Stocks
    c. Bonds
    d. Mutual funds

4. This is an account in which you can save money at a higher interest than a savings account and write checks from this account.
    a. Club account
    b. Money market deposit account
    c. CD
    d. Statement savings account

5. This is the product that allows you to diversify your investments so that you can reduce the risk of losing your money.
    a. Bonds
    b. Stocks
    c. Mutual funds
    d. 401(k) plan

6. What are three benefits of paying yourself first?
    a. Improving your standard of living
    b. Learning to manage money better
    c. Having money for emergencies
    d. All of the above

7. What is the major difference between saving and investing?
    a. Most savings products are federally insured, while investment products are not
    b. Savings products have a risk of loss and investment products do not
    c. Investment products do not have as high a potential for growth as savings products
    d. Savings and investment products are the same

8. If you get a tax refund, what can you do to make sure you save some of the refund? Select all that apply.
    a. Direct deposit some or all of the refund straight into your checking account
    b. Deposit some or all of it into a savings account with a higher interest rate (e.g., a CD or money market deposit account)
    c. Use the money to invest in a savings bond

9. Which of the following are considered non-deposit investment products? Select all that apply.
    a. CDs
    b. Money market deposit accounts

   c. **U.S. Treasury Securities**
   d. **Bonds**

10. You can save money by paying your bills on time because you avoid paying:
    a. Late fees
    b. Extra finance charges
    c. Disconnection and reconnection fees
    d. Cost of eviction, repossession, and bill collections
    e. All of the above

11. Which of the following strategies will help you choose the best investments for you? Select all that apply.
    a. Make choices based on a friend or family member's recommendations
    b. Limit the number of savings and investment options you choose to reduce your risk of loss
    c. Select savings and investment options according to your risk tolerance
    d. Consider how long you plan to keep your money in the investment

12. Which of the following are ways you can save for college? Select all that apply.
    a. Build home equity, then apply for a home equity loan
    b. Invest in stocks, bonds, or mutual funds
    c. Establish a 529 Plan
    d. Enroll in a 401(k) or 403(b) plan

Glossary

401(k) Plan: A retirement savings plan established by an employer in which employees set aside a percentage of pay in an account that earns interest.

403(b) Plan: A retirement savings plan similar to a 401(k), but exclusively for employees of public schools and certain tax-exempt organizations.

529 College Savings Plan: An education savings plan operated by a state or educational institution. It is designed to help families set aside funds to pay for future college costs.

Annual Percentage Yield (APY): The amount of interest you will earn on a yearly basis. It is expressed as a percentage.

Bonds: Loans to corporations or to the government for a certain period of time, called a *term*. You earn interest on your loan investment, and at the end of the term your bond matures and can be repaid to you by the company.

Certificate of Deposit (CD): An account in which you leave your money for a set term (e.g., 6 months or 2 years). You cannot make deposits or withdrawals to the account during this term.

Compounding: Interest paid on money that is invested, allowing the initial investment to increase over time.

Corporate bonds: Loans to corporations for a certain period of time, called a *term*.

Diversification: When you spread the risk of loss over a variety of savings and investment options.

EE Bond: EE is a type of bond that is normally purchased at half its face value and must be held for at least 1 year before being cashed.

Equity: The difference between how much your home is worth and how much you owe on your mortgage.

I Bond: A type of bond purchased at face value, which is the amount printed on the bond and must be held for at least 1 year before being cashed.

Individual Development Account (IDA): A matched savings account in which another organization (e.g., a foundation, corporation, or government entity) agrees to add money to your account to match the money you save in it.

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

Investment: A long-term savings option that you purchase for future income or financial benefit.

Money Market Deposit Account: An account that usually pays a higher rate of interest, and it usually requires a higher minimum balance in order to earn interest than a regular savings account does. You can make deposits and withdrawals.

Mutual Fund: A professionally managed collection of money from a group of investors. A mutual fund manager invests your money in some combination of various stocks, bonds, and other products.

Payroll Deduction Individual Retirement Arrangements (IRAs): An employee establishes an IRA (traditional or Roth IRA) with a financial institution and authorizes a payroll deduction for the IRA.

Retirement Investments: Money you invest over a long period of time so that you will have money to live on when you are no longer working.

Roth Individual Retirement Arrangements (IRAs): Contributions to a Roth IRA are not tax deductible, while contributions to a traditional IRA may be deductible. The distributions (including earnings) from a Roth IRA are not included in income.

Rule of 72: A formula that lets you estimate how long it will take for your savings to double in value given a particular interest rate. This calculation assumes that the interest rate remains the same over time.

Statement Savings Account: An account that earns interest. You will usually receive a quarterly statement that lists all your transactions: withdrawals, deposits, fees, and interest earned.

Stocks: A portion of the ownership of a company, called *shares*. If the company does well, you might receive periodic dividends based on the number of shares you own. Dividends are part of a company's profits that it gives back to you, the shareholder.

Traditional Individual Retirement Arrangements (IRAs): Contributions to a traditional IRA may be tax deductible, based on the amount of your contribution and your income. The earnings on the amounts in your IRA are not taxed until they are distributed.

Treasury Inflation-Protected Securities (TIPS): Provides protection against inflation, and the interest rate is tied to the Consumer Price Index.

U.S. Savings Bond: A long-term investment option backed by the full faith and credit of the United States (U.S.) Government. Savings bonds can be purchased at a financial institution for as little as $25.00 or through payroll deductions.

U.S. Treasury Securities: Loans to the United States (U.S.) Government for a certain period of time, called a *term*. Treasury securities are backed by the full faith and credit of the U.S. Government and include Treasury bills (T-bills), notes (T-notes), and bonds (T-bonds).

Variable Annuity: An insurance contract that invests your premium in various mutual fund-like investments.

For Further Information

Federal Deposit Insurance Corporation (FDIC)

www.fdic.gov/consumer

1-877-ASK-FDIC (275-3342)

Visit the FDIC's website for additional information and resources on consumer issues. For example, every issue of the quarterly *FDIC Consumer News* provides practical hints and guidance on how to become a smarter, safer user of financial services. Also, the FDIC's Consumer Response Center is responsible for:

- Investigating all types of consumer complaints about FDIC-supervised institutions
- Responding to consumer inquiries about consumer laws and regulations and banking practices

U.S. Financial Literacy and Education Commission

www.mymoney.gov

1-888-My-Money (696-6639)

MyMoney.gov is the U.S. Government's website dedicated to teaching all Americans about financial education. Whether you are planning to buy a home, balance your checkbook, or invest in your 401k the resources on MyMoney.gov can help you. Throughout the site you will find important information from federal agencies.

Federal Consumer Information Center

www.pueblo.gsa.gov

1-800-688-9889

The Federal Consumer Information Center (FCIC) provides free online consumer information to help the public. The FCIC produces the Consumer Action Handbook, which is designed to help citizens find the best sources for assistance with their consumer problems and questions.