

# The Importance of Saving Regularly

Start saving *today* and make it a regular habit!



Let's compare two students, Roberto and Nicole. They are both first-year high school students. During the school year, they each make \$75 a week at a part time job.

During the summer and other school breaks, both Roberto and Nicole work full time, making \$200 per week.

Roberto decides to open a savings account at a local bank, while Nicole does not. During the school year, Roberto saves \$15 a month he deposits into his savings account. During the summer and school breaks, he saves \$100 a month. He puts the money into his

# Sample

What happens for Roberto over four years of high school.

## Roberto's Average Monthly Savings

January	\$20
February	\$30
March	\$20
April	\$30
May	\$20
June	\$35
July	\$75
August	\$75
September	\$20
October	\$20
November	\$25
December	<u>\$30</u>
	\$400

Roberto's average savings is \$400 per year, plus \$20 in interest earned from his savings account.

## Roberto's Average Yearly Savings

Year One	\$420
Year Two	\$420
Year Three	\$420
Year Four	<u>\$420</u>
	\$1,680

Roberto has saved \$1,680 over the four years of high school.

## What Really Happened to Roberto?

By the time Roberto graduates, he's accumulated \$1,680 in his savings account: money he can use for a down payment on a car, for college expenses like tuition, books, or a new computer, or on other expenses. Saving just \$5-\$15 per week added up over time, and now Roberto has a nice sum of money to use to help him take the next steps to higher education.

**Hey wait! What about Nicole?** Nicole saved nothing, maybe because she figured saving so little each week didn't matter. So, after her high school years, she has no savings to help her transition to college and/or a new living situation. Roberto's savings plan proves the most important rule about saving money: it's **regular** saving that matters.

Don't wait to save until you think you have enough money, because people who do this often never think they have enough, and therefore they never save anything. Start saving **today**, however much you can afford, and make it a regular habit. Over time, your savings will add up. More importantly, you'll have developed the habit of saving regularly, which is one of the keys to lifelong financial success.

## Importance of Saving Regularly Activity

Roberto's younger brother Carlos wants to be able to save money like his big brother. He is a couple years younger than Roberto and sees an opportunity to get an earlier start at saving for college. Help Carlos decide at which bank or credit union he should open his account. Carlos has \$250 to make an initial deposit into his new account.

\*\*APY = Annual Percentage Yield (also known as "Best Rate")

Bank/Credit Union

Slate Bank

.18%

\$500 needed to open an account. \$3 monthly maintenance fee waived if daily balance is kept.

City Credit Union

.20%

\$150 minimum daily balance required. \$7 monthly maintenance fee waived if daily balance is kept.

Best Bank

.15%

No minimum balance required. \$300 needed to open an account. \$3 monthly maintenance fee.

Hill Credit Union

.12%

\$250 needed to open an account. \$3 monthly maintenance fee.

King Bank

.18%

\$200 needed to open an account. No monthly maintenance fee for the first 12 months, \$4 monthly fee thereafter.

Which bank or credit union did you choose and why?