

COLLEGE MADE EASY:

INVESTING

Saving is different than investing!

Saving is the accumulation of excess funds in a low or no interest account. It is typically used for short-term goals, such as buying a car or an emergency savings account. Investing, on the other hand, is taking money and making it work for you so it makes you even more money. It may be more risky, however there are better returns. It is typically meant for long-term goals, such as a child's education or retirement.

In life, you will have both short-term and long-term financial needs; therefore, you should utilize both savings and investments to meet those needs

Beginning Steps:

1. Make a Budget If You Haven't Already

Without a plan, our good intentions rarely happen. With a budget, you are more successful in reaching your goals.

2. Create an Emergency Fund

You need a safety net for those unexpected expenses. Ideally, 3 to 6 months living expenses, but you can attain this slowly by committing a certain amount each pay check.

3. Pay down High-Interest Loans & Credit Cards (i.e., over 13%)

They can limit your spending power and slow the amount of wealth you can build.



**FINANCIAL
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STUDENTS CAN INVEST!

Even small amounts, \$10, \$15, or \$20 is better than nothing. There are options for you:

- **Dividend Reinvestment Plans (DRIPS):** Allows you to buy stocks directly from the companies, bypassing brokers and their fees.
- **Roth IRA:** The money you invest is already taxed so it is allowed to grow tax-free until retirement. While college students don't have a lot of money to invest, you do have time on your side.
- **401(k):** If you work at a place with benefits, this is an easy way to invest: it comes right out of your paycheck, so you never see it. Additionally, some employers provide matched savings.

Time Is On Your Side

The earlier you start, the better off you will be. Compound interest will work in your favor. The following table illustrates this:

	5 Years	10 Years	15 Years	25 Years	50 Years
\$50/mo invested at 2.0%	\$3,158	\$6,647	\$10,503	\$19,473	\$51,566
\$50/mo invested at 5.0%	\$3,414	\$7,796	\$13,420	\$29,900	\$133,989
\$50/mo invested at 10.0%	\$3,904	\$10,328	\$20,896	\$66,895	\$873,438



SAVING MONEY



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