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**Name:**

### In this lesson, you will learn to:

- Recognize the value of young people investing early, regularly, and long-term to extract maximum earnings from their investments
- Explain how compound interest works and how to harness its power when saving and investing
- Understand the importance of estimating how much you will need for retirement

RESOURCES	QUESTIONS
<b>1</b> <a href="#">Discussion Prompts</a> Discuss these questions with your classmates or with a partner.	<p><i>Estimated time: 5 mins</i></p> <ol style="list-style-type: none"> <li>1. What do you know about investing, and where have you learned about it?</li> <li>2. Is investing something you plan to do?</li> </ol>
<b>2</b> <a href="#">A Simple Introduction to Investing</a> Investing is a powerful tool you can use to build your wealth in the long run. So, how does it work? Read through this infographic and then answer the questions to find out!	<p><i>Estimated time: 10 mins</i></p> <ol style="list-style-type: none"> <li>1. Your friend says, "I have some extra money, but I'm not sure if I should save or invest it." What key questions would you ask your friend to help them figure out what to do?</li> <li>2. What is the advantage of investing <i>early</i> for retirement?</li> </ol>

	<p>3. If investing can bring higher returns, why should you put money in a savings account at all?</p> <p>4. What 3 tips would you give someone who is about to invest their money for the first time?</p>
<p><b>3</b> <u><a href="#">Compound Interest Explained</a></u>  In the previous resource, you learned that compound interest is one of the key factors that can help your money grow. Let's take a deeper look at how compound interest works in this video. Then, answer the questions.</p>	<p><i>Estimated time: 5 mins</i></p> <p>1. Why do you earn more money using compound interest than you would using simple interest?</p> <p>2. Does compound interest have more of an impact for short-term investments or long-term investments? Why?</p>
<p><b>4</b> <u><a href="#">ANALYZE: Investing for Retirement</a></u>  Follow the directions on the worksheet to complete this activity.</p>	<p><i>Estimated time: 20 mins</i></p>

## 5 Retirement Calculator

When thinking about your retirement, it's important to estimate how much you think you will need to support yourself so that you can work towards that goal. Use this calculator to fill in the table for each of the 3 people and to answer the questions that follow.

1. Use the calculator to fill in the table below.

	Alex	Samantha	Jordan
Info:	22 yrs old; pre-tax income = \$35,000; \$0 savings; saves \$200/month	35 yrs old; pre-tax income = \$70,000; \$30,000 savings; saves \$600/month	55 yrs old; pre-tax income = \$95,000; \$20,000 savings; saves \$300/month
How much will they need to retire at age 67?			
How much will they actually have at age 67?			
How much will they need to save per month to get how much they need by age 67?			

2. What assumption is this calculator making?
3. Why do you think it's important to estimate how much you will need in retirement?

## 6 Exit Ticket

Follow your teacher's directions to complete the Exit Ticket.