



A Short Webinar Series Presented By



1) Compounding Interest

- a. Compounding interest allows your money to grow exponentially over time
 - i. If you invested \$1,000 today and earned a 5% interest rate each year you would have \$1,551, or a 55.1% rate of return after 9 years. This is because the interest that you earned on your money in year 1 earns interest in year 2 and so on and so forth.
- b. Small increases in the interest rate you earn over time leads to significant differences in the amount of money you have.
 - i. If you earned 2% vs. 8% over a 40-year period, you would expect that the person earning 8% would have 4 times more money than the person earning 2%. In reality the person who earned the 8% actually has 9.8 times more money than the person earning 2%, all due to compounding interest.
- c. When it comes to investing, if you stay invested in the stock market, even starting out with saving small amounts it can lead to being significantly more prepared when you get to retirement.

2) Financial “Low Hanging Fruit”

- a. Make sure your money is working for you. The national average interest rate on a savings account is currently 0.06%. Essentially you are earning almost 0% on money that is sitting in your checking or savings account. It is important to have an emergency fund set aside, but anything beyond that should be invested to some degree to get you a better rate of return.
- b. Get yourself out of credit card debt. The average interest that a credit card charges you per year is 18.4%. If you have any credit card debt your first priority after taking advantage of any employer match in your 401(k) should be to eliminate that debt. Even if you do not keep a balance on your credit cards, it has been shown that people who use credit cards spend 12% - 18% per year more than if they used cash. So, make sure your aware of how you are using your cards.
- c. Take advantage of your employer match. If you have a 25% match on the first 4% that you save this means you are getting a 25% rate of return for just saving 4%. Make sure that you are not leaving any free money on the table.
- d. Taxes are the largest expense that you will have in your life and your retirement accounts are the best way to decrease the amount of taxes you will pay over your life.
- e. Look into apps like Acorns that round each purchase you make up to the nearest dollar. The app then invests the change for you. This is a great way to make sure your money is working for you.

3) Free Money

- a. Look into switching banks. Many banks will give you free money when you open a new account with them.
- b. Grants are away for the government to incentivize people to spend their money on things that help the social good. There are programs like the First Time Home Buyer’s Program, childcare credits, veteran benefits, health insurance perks, and scholarships that will give you free money, so take advantage of them when you can.
- c. Question your expenses. Shop around especially when it comes to larger purchases, there is almost always a cheaper alternative out there.
- d. Search for lost money that might be out there in your name. Many people have left behind old accounts and there is an easy way to find them. Go to <https://ouf.osc.state.ny.us/ouf/?wicket-crypt=C66VJMI3os> if you live in NY or google unclaimed funds in your state and search for your name. It will walk you through the steps you need to take to reclaim anything that is under your name.