

How Money Can Grow

You may have heard that it is important to **save** money. But what does that really mean? When you decide to buy a video game for half off the regular price, you save money, right? Sure. And if you take the money you saved and set it aside—instead of spending it—that’s saving, too.

People save money for different reasons. One person might have a **short-term goal**, such as to buy a video game.

Short-term means the goal is for a few days, weeks, or months. Another person might have a **long-term goal**, such as to save for a car, college, or a house. Long-term means the goal happens over a longer period of time. For example, it can take years to save for college. In fact, some families start saving as soon as their child is born!

So is your piggy bank the best place to save your money? That might be OK for a

temporary place. But when you put your money instead in a **savings account** at a bank, it also gains **interest**. This means that your money actually grows just by sitting there! Plus you earn even more interest on that interest. This can all add up fast to help you reach your goals.

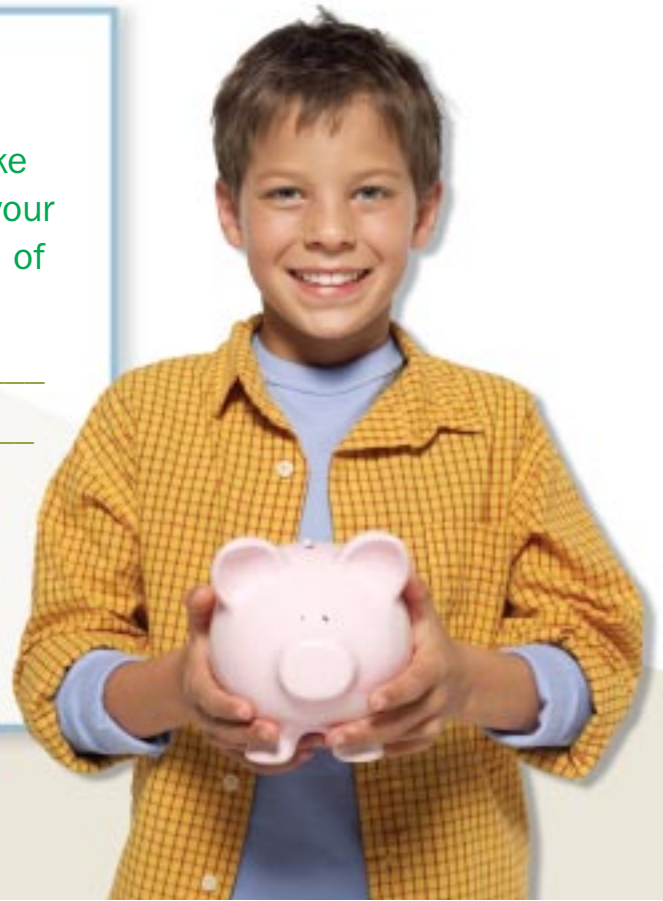
You can also invest your money by buying stocks and bonds. While there is a risk involved, you can also earn more money over the long term.

What Are Your Goals?

When you set a goal for the future, you can make a lot happen! Take some time and think about your short- and long-term goals. Write down a couple of each on the lines below.

My short-term goals: _____

My long-term goals: _____





It All Adds Up!

1. Carla wants to buy a basketball in one month. The basketball costs \$9.99. To help Carla reach her goal in thirty days, how much money should she set aside each week? _____ How much is that per day? _____
2. Bradley sets a long-term savings goal. He wants to save \$300. He plans to save \$5 each week until he reaches his goal.

For how many weeks does Bradley need to collect \$5 a week? _____ Bradley has a savings account that pays 0.23% interest per month. How much money does Bradley earn when he has:

\$100 in his account? _____

\$200 in his account? _____

\$300 in his account? _____

3. Britney and her family go to the movies twice a month. The cost of an adult ticket is \$7.50. A child's ticket is \$5.50.
 - A. What is the total cost for Britney, her brother, her mom, and her dad each time they go to the movies? (That's two child tickets and two adult tickets.) _____
 - B. How much does Britney's family spend on movie tickets every month? _____
 - C. How much will they save if they go to the movies once a month and rent a movie for \$5 instead? _____ How much will they save in a year? _____

Talk About It!

Interested in saving your money? Talk to your family about opening a savings account. Most banks will let kids open an account with as little as \$1. Banks usually charge customers a small amount of money each month to keep the account open. But they usually don't charge a fee for people under the age of eighteen.

Savings Bonds

When you buy a U.S. savings bond, you are saving money through the government, which in turn pays you interest at a later time when the bond is mature. Savings bonds are available in different amounts, called denominations, such as \$50, \$100, and \$200. The price of a bond is half its value. For example, a \$50 bond costs \$25. It will take seven years for the bond to be worth its value, and it can continue to earn interest afterward.