

SAVINGS AND INVESTMENTS

Module Guide

TIME REQUIRED:

This module can be adapted or adjusted for presentations of 30 minutes to one hour.

RECOMMENDED AUDIENCE:

College students or students soon to be entering college.

MAJOR CONCEPTS:

- Importance
- Strategies
- Goals
- Criteria for selecting financial products
- Types of investments
- Average returns
- Diversification
- Ways to invest
- Match income with financial products
- Resources
- Suggestions for saving

RATIONALE FOR THE MODULE:

The way most people think they can become a millionaire is by winning the lottery. The purpose of this module is to show students that by saving regularly and starting at an early age they too can become millionaires.

MATERIALS AND EQUIPMENT:

Laptop computer with Microsoft PowerPoint installed or transparencies and overhead projector
Internet access for Activity 1 (optional)

HANDOUTS:

- HO #1 Savings IQ Test
- HO #2 Answers to the Savings IQ Text
- HO #3 Savings and Investments Glossary
- HO #4 IRA Basics
- HO #5 Web Resources
- HO #6 Savings Module Evaluation

PROCEDURE:

- I. Decide which handouts you plan to use and make the appropriate number of copies
- II. Introduce yourself and the Peer Financial Counseling Program
- III. Ask the people in the back if they can hear you
- IV. Start presentation
- V. Use HO #3 to define terms as needed
- VI. Provide handouts as needed
- VII. Encourage discussion using suggested activities as time permits
- VIII. Thank sponsoring organizations
- IX. Have participants complete and return evaluations (HO #6)

SUGGESTED ACTIVITIES

The Value of Starting Early (Slide #3)

If you have access to the Internet, go to <http://www.bankrate.com>, click on *calculators* and, select one of the calculators (saving for a goal is a good choice). You'll find another set of online calculators at <http://www.fool.com>; select "Personal Finance," then "Calculators" about half-way down the page, then one of the savings calculators.

Plug the Leaks in Your Financial Ship (Slide #5)

Ask the individuals or small groups to discuss the following: What are the ways in which money leaks out of your budget? How much do you think that is a week? (Do the math $(7 * 4 * 12)$ to figure out how much that would be in a year.) What ideas do you have about ways to stop leaks?

What Is Your Savings IQ?

Have students complete the quiz at the beginning of the presentation. Ask for the answer before you discuss the relevant concept. Check "Answers to What's Your Savings IQ Quiz" (HO#2).

For Fun

Check out the videos, calendar and other resources related to young adults and saving at <http://www.feedthepig.org>.

ANSWERS TO CHECKING KNOWLEDGE QUESTIONS ON EVALUATION

1. True. A share of stock represents ownership of a share of the company's assets. (Slide 13).
2. True. Any bond is a loan to the issuer of the bond. (Slide 11).
3. True. Starting to save early and saving regularly are more important than how much you have or how much interest you earn. (Slide 2).
4. False. Liquidity is how easy it is to convert an investment to cash without a loss. (Slide 15).
5. True. The higher the interest rate, the greater the risk. (Slide 16).