



PLANNING FOR TODAY, PREPARING FOR TOMORROW

Personal Finance Workbook



Ag Carolina
FARM CREDIT

PLANNING *for* TODAY, PREPARING *for* TOMORROW

Disclaimer: This workbook is designed to provide guidance and information for those students with limited exposure to economics, accounting, or personal finance. We hope you find this workbook a helpful starting point to make informed decisions with the assistance of your accounting or financial advisors and attorneys. All rates, statistics, and facts are based on information provided in 2018.

This workbook does not address all matters pertaining to or issues that may arise in personal finance. This workbook is not intended to serve as, or constitute, accounting, financial management, investment, tax, legal, or any other type of advice, consultation or recommendations by us to you, or substitute for advice from your accounting or financial advisors, or attorneys. You should seek advice from qualified advisors or attorneys to address your specific circumstances.

This workbook is available from:

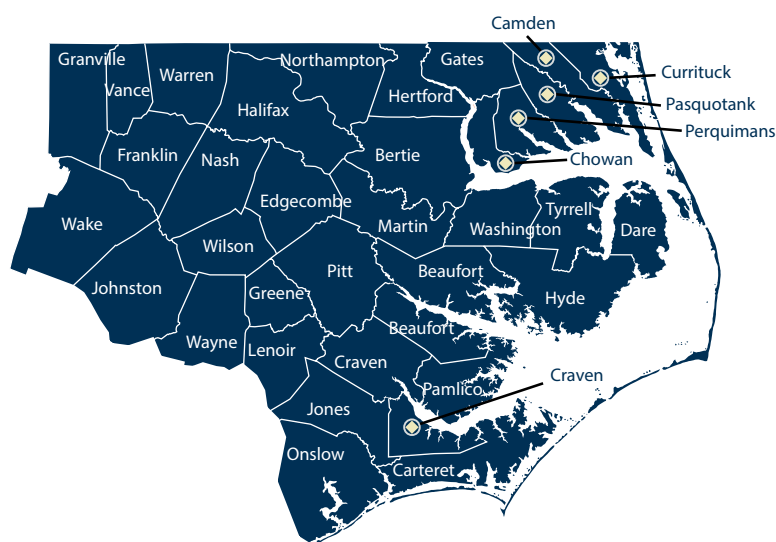
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Welcome to AgCarolina Farm Credit!

We are a member-owned cooperative supporting rural and agricultural communities with reliable, consistent credit and financial services. Our team of lending experts provides high quality service and exceptional value to our membership in 34 counties in eastern North Carolina. You can count on us because we care about the communities in which we live and serve.

AgCarolina Farm Credit Territory



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INTRODUCTION



Please complete the chart below before and after the Planning for Today, Preparing for Tomorrow Workshop.

Before			After	
Agree	Disagree		Agree	Disagree
<input type="checkbox"/>	<input type="checkbox"/>	I understand the different types of accounts I may encounter in my finance journey.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	I have a firm grasp of time value of money and the effect it has on my financial plans.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	I have enough finance knowledge to confidently sign a loan.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	I have personal finance goals already in place.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	I think I have a lot to learn when it comes to managing my money.	<input type="checkbox"/>	<input type="checkbox"/>



CHAPTER 1

Types of Accounts

A checking account allows easy access to your money. It is the account you will use to pay your bills and make most of your financial transactions.

- A savings account allows you to store money while still remaining accessible. These accounts tend to have a higher interest rate than checking accounts.
- A money market account typically has a higher interest rate than checking and savings accounts. However, it may require larger minimum deposits and a limited number of withdrawals.
- A Certificate of Deposit (CD) Account allows you to set aside your funds for a set amount of time. It could be six months, a year, or 18 months. You could think of these as high-interest savings accounts.

? Chapter 1 *Review Questions*

1. What part of the check has the legal amount the check was written for?

2. Which account would likely have the highest interest rate: checking, savings, or money market?

3. What is the name of the fee charged if you write a check for an amount greater than what is in your account?


4. Would a deposit into your checking account increase or decrease the account balance?



Activity One: *Writing a Check*

Using the template below, practice filling out a check with the appropriate information. Be sure to include: date, numerical amount, written amount, signature, memo, and payee.

Make the check payable to **AgCarolina Farm Credit** for **\$122.46** with **today's date** for **your loan payment for the month**.

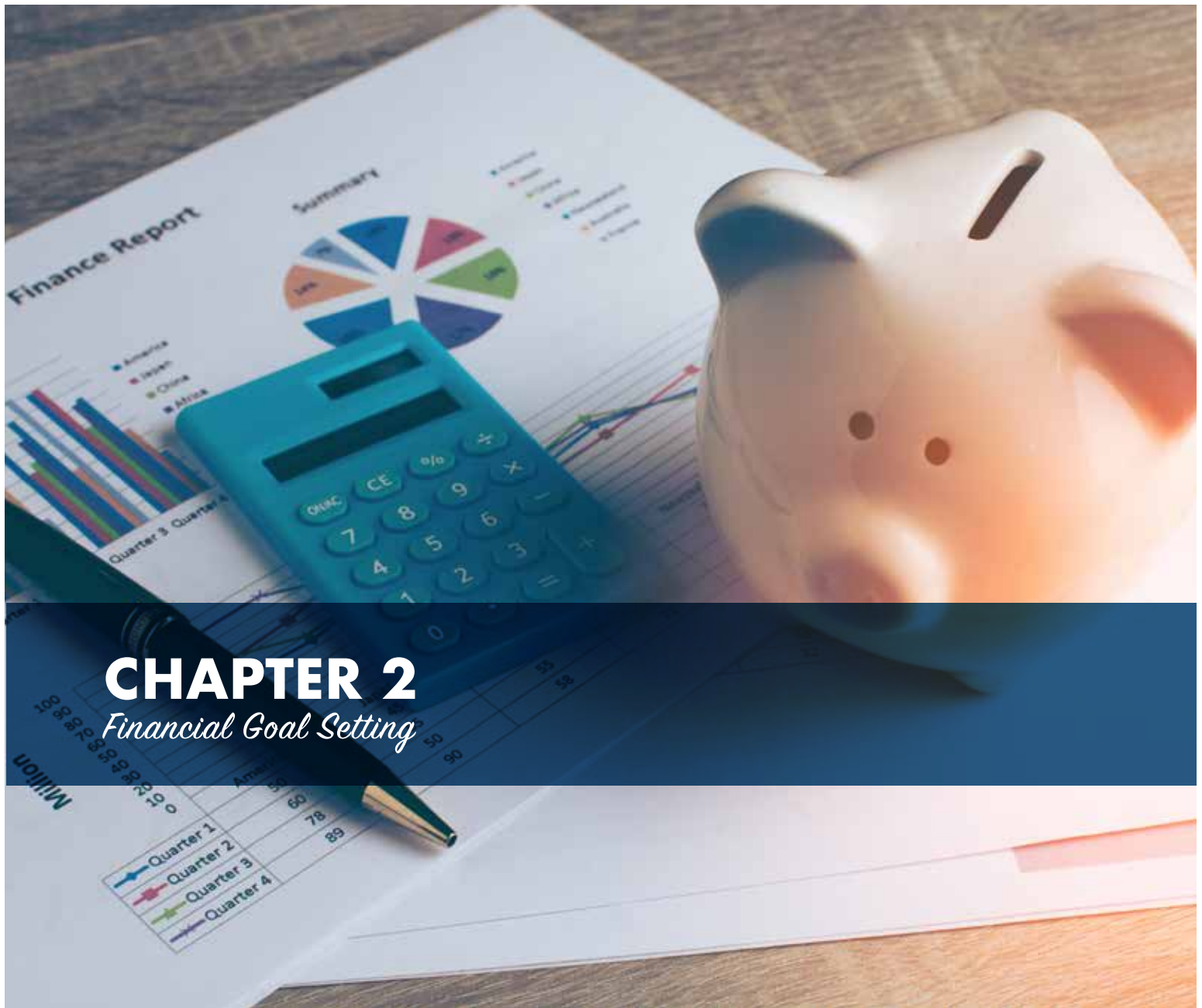
	Farmer Joe 1916 Farm Credit Street Some Field, NC 22222	1000	
		Date _____	
Pay to the Order of	_____	\$	<input type="text"/>
			Dollars
Memo	_____	_____	
123456789	01987654321		

When you have completed the check, circle and label the following components on the check: check number, routing number, and account number.



Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



CHAPTER 2

Financial Goal Setting

FINANCIAL GOALS SHOULD BE S.M.A.R.T.Y.

- **S: SPECIFIC** - The end result is clearly defined.
- **M: MEASURABLE** - Determine exactly when you will know the goal has been met with an exact dollar amount.
- **A: ATTAINABLE** - Creating a plan to determine how you will achieve the goal.
- **R: REALISTIC** - Considering the consequences, trade-offs, and opportunity costs of the goal.
- **T: TIME BOUND** - Create short term and long term goals. Specifically state when your SMARTY goal will be completed.
- **Y: YOURS** - Motivation behind setting your goal.

? Chapter 2 *Review Questions*

1. Why would a goal need to be time bound?

2. What is an opportunity cost?

3. What is a goal?



Activity Two: *Create your own SMARTY Goals*

Directions: Create a financial SMARTY goal for your 1, 5 and 10 year plans

ONE year **SMARTY** goal:

FIVE year **SMARTY** goal:

TEN year **SMARTY** goal:



Notes

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CHAPTER 3

Creating a Budget

A BUDGET CAN BE A VALUABLE FINANCIAL TOOL TO HELP MANAGE INCOME, EXPENSES, AND SAVINGS.

- Create a spending plan to assist you in tracking your income and expenses to avoid negative cash flow.
- Evaluate your budget on a monthly basis.
- There are many different types of budgets including mobile, online, paper, and excel budgets.

? Chapter 3 *Review Questions*

1. What is a budget?

2. How can you track your spending?

3. What percentage of your income should you set aside for your savings?

4. What are two ways you can increase your cash flow?



Activity Three: *High School Hourly Budget*

Hourly Budget			
Gross Income	Description	Amount	Equation
	Hourly Rate		
	Hours/Week		
	A. Total	\$	Hourly Rate x Hours/ Week
Taxes	Description	Amount	
	C. Income Taxes		Line A x 18%
	D. Net Income	\$	Line A-Line C
Savings	Description	Amount	
	E. Emergency Fund	\$	Line D x 5%
Expenses	Description	Amount	
	Gas		
	Food		
	Clothing		
	Entertainment/Other		
	F. Total Expenses	\$	Gas+Food+Clothing+Other
Totals	Description	Amount	
	G.Gifts/Allowances		
	H. Money after expenses	\$	Line D – Line E – Line F + Line G



Activity Four: *Annual Budget*

Annual Budget		
Based on a \$_____ Salary/Year		
Salary	Description	Amount
	A. Yearly Wages	\$
Taxes	Description	Amount
	State Taxes @ 5.499%	
	Federal Taxes	
	FICA	
	B. Total in Taxes	\$
Expenses	Description	Amount
	Phone Bill	
	Car Insurance	
	Food	
	Gas	
	Health Insurance	
	Rent	
	Utilities	
	C. Total Monthly Expenses	
	D. Total Yearly Expenses	
	E. Yearly Costs with Taxes	\$
Money Left	Description	Amount
	F. Money after Taxes and Expenses	\$

Equation

Yearly Wage x
5.49% (2018)

Yearly Wage x 15%

Yearly Wage x
7.65% (2018)

State+Fed+FICA

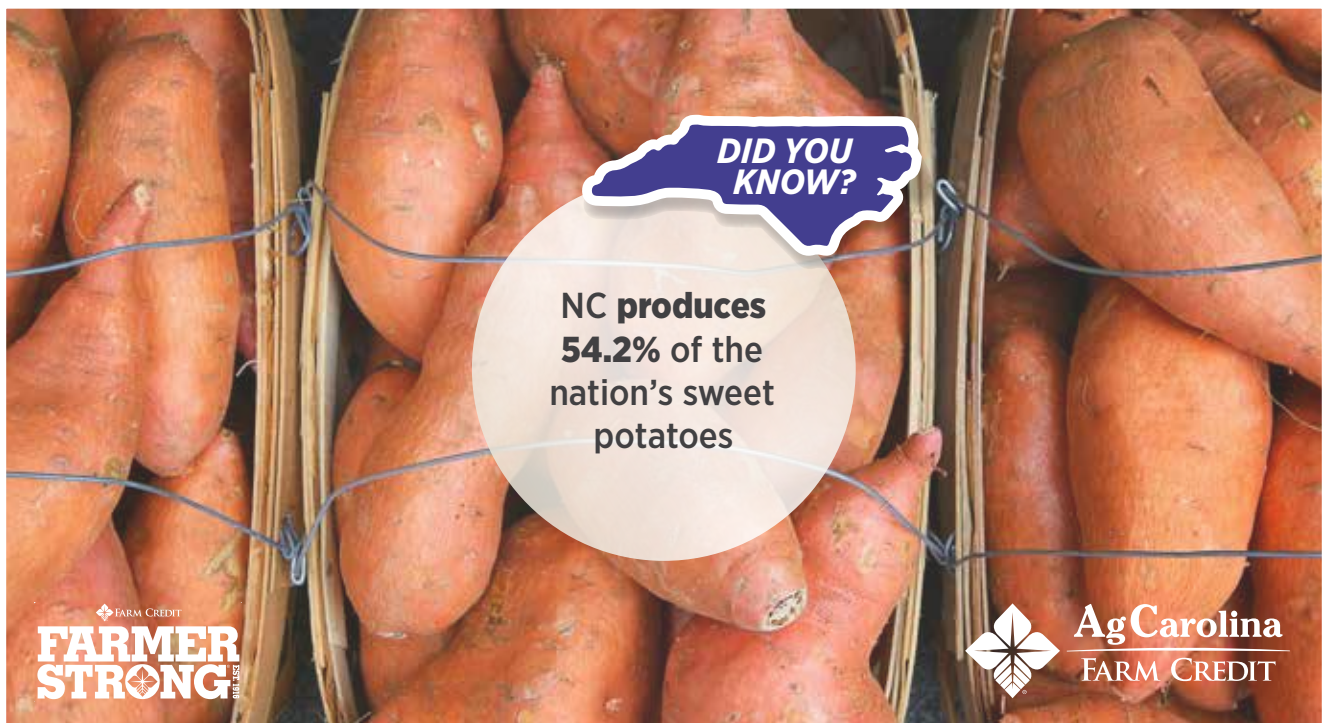
Line C x 12 months

Line D + Line B

Line A - Line E



Notes

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



CAREER PLANNING

CHAPTER 4

Career Planning

YOUR NET SALARY IS THE DIFFERENCE IN YOUR GROSS SALARY AND DEDUCTIONS. GROSS SALARY IS YOUR STATED SALARY. NET SALARY IS THE AMOUNT YOU “TAKE HOME” AFTER DEDUCTIONS.

- It is important to consider the salary, benefits, location, and travel requirements of your desired career.
- If benefits and travel are not factored into your career package, be sure to budget for these expenses.

? Chapter 4 Review Questions

1. What is the difference in gross and net income?

2. What is an example of a tax withholding?

3. Name one type of benefit your employer may provide to you.



Activity Five: Understanding your Pay Stub

Hotel Sleeps a Lot					July 1, 2018		
Pay To The Order of _____					THIS IS NOT A CHECK		
COMPANY INFORMATION				EARNINGS STATEMENT			
Hotel Sleeps a Lot 1234 Any Street Anytown, USA 12345							
EMPLOYEE INFORMATION				SOCIAL SECURITY		EMPLOYEE ID	
Farmer Joe 1916 Farm Credit Street Some Field, NC 22222				123-45-6789		3456	
				START DATE	END DATE	CHECK DATE	
				7/1/2018	7/15/2018	7/16/2018	
EARNINGS	RATE	HOURS	CURRENT	YEAR TO DATE	DEDUCTIONS	CURRENT	YEAR TO DATE
Regular Earnings	15.00	79.00		7,050.00	Federal Tax	140.39	835.24
					NC State Tax	43.51	258.83
					Soc. Sec / OASDI	73.47	437.10
					Medicare	17.18	102.22
GROSS EARNINGS				\$7,050.00	GROSS DEDUCTIONS	\$274.55	
CHECK NUMBER #3656				NET PAY		YTD PAY	\$5,416.61

1. What are the total Year-To-Date deductions?

2. What is the gross pay for this pay period?

3. What is the net pay for this pay period?



Notes



Answers: 1. \$1,633.39 2. \$1,185 3. \$910.45



CHAPTER 5

Credit and Loans

CREDIT SCORES ARE USED TO DETERMINE THE CREDITWORTHINESS OF AN INDIVIDUAL.

- Credit and credit cards are not cash. Credit card accounts accrue high amounts of interest if left unpaid. However, they can be useful tools to build your credit score.
- A good credit score is above 700.
- Interest is a percentage of a loan balance to be paid to the lender periodically for the privilege of borrowing money. Earned interest is the amount the bank pays you for deposit accounts such as checking, savings, and money market, so they can make loans to other customers.
- Simple interest is interest on the principal amount only. Compound interest is interest on the principal amount and interest previously accrued.

? Chapter 5 Review Questions

1. What are the credit score ranges? What is considered a good credit score?

2. What is the advantage of making higher monthly payments?

3. What is the difference between simple and compound interest?

4. For a savings account, would you want your interest compounded more or less often?



Activity Six: Car Loan - Principal vs. Interest

New Car Purchase



Loan Amount: \$39,981

Financed for: 60 months

Interest Rate: 4.78%

Monthly Payment: \$750

AMORTIZATION SCHEDULE					
PAYMENT DATE	PAYMENT	PRINCIPAL	INTEREST	TOTAL INTEREST	BALANCE
06/21/18	\$750	\$591	\$159	\$159	\$39,981
07/21/18	\$750	\$594	\$157	\$316	\$39,390
08/21/18	\$750	\$596	\$155	\$471	\$38,796
09/21/18	\$750	\$598	\$152	\$623	\$38,200
10/21/18	\$750	\$601	\$150	\$773	\$37,602
11/21/18	\$750	\$603	\$147	\$920	\$37,001
12/21/18	\$750	\$605	\$145	\$1,065	\$36,398
01/21/19	\$750	\$608	\$143	\$1,208	\$35,793
02/21/19	\$750	\$610	\$140	\$1,348	\$35,185
03/21/19	\$750	\$613	\$138	\$1,485	\$34,575
04/21/19	\$750	\$615	\$135	\$1,621	\$33,962
05/21/19	\$750	\$618	\$133	\$1,754	\$33,347
06/21/19	\$750	\$620	\$130	\$1,884	\$32,729
07/21/19	\$750	\$623	\$128	\$2,012	\$32,109
08/21/19	\$750	\$625	\$125	\$2,137	\$31,486
09/21/19	\$750	\$628	\$123	\$2,260	\$30,861
10/21/19	\$750	\$630	\$120	\$2,381	\$30,234
11/21/19	\$750	\$633	\$118	\$2,499	\$29,604
12/21/19	\$750	\$635	\$115	\$2,614	\$28,971
01/21/20	\$750	\$638	\$113	\$2,727	\$28,336
02/21/20	\$750	\$640	\$110	\$2,837	\$27,698
03/21/20	\$750	\$643	\$108	\$2,945	\$27,058
04/21/20	\$750	\$645	\$105	\$3,050	\$26,416
05/21/20	\$750	\$648	\$103	\$3,153	\$25,770
06/21/20	\$750	\$650	\$100	\$3,253	\$25,123
07/21/20	\$750	\$653	\$97	\$3,350	\$24,472
08/21/20	\$750	\$656	\$95	\$3,445	\$23,819
09/21/20	\$750	\$658	\$92	\$3,538	\$23,164
10/21/20	\$750	\$661	\$90	\$3,627	\$22,505

AMORTIZATION SCHEDULE					
PAYMENT DATE	PAYMENT	PRINCIPAL	INTEREST	TOTAL INTEREST	BALANCE
11/21/20	\$750	\$663	\$87	\$3,714	\$21,845
12/21/20	\$750	\$666	\$84	\$3,799	\$21,181
01/21/21	\$750	\$669	\$82	\$3,880	\$20,515
02/21/21	\$750	\$671	\$79	\$3,959	\$19,846
03/21/21	\$750	\$674	\$76	\$4,036	\$19,175
04/21/21	\$750	\$677	\$74	\$4,109	\$18,501
05/21/21	\$750	\$679	\$71	\$4,180	\$17,824
06/21/21	\$750	\$682	\$68	\$4,249	\$17,145
07/21/21	\$750	\$685	\$66	\$4,314	\$16,462
08/21/21	\$750	\$688	\$63	\$4,377	\$15,777
09/21/21	\$750	\$690	\$60	\$4,437	\$15,090
10/21/21	\$750	\$693	\$57	\$4,495	\$14,400
11/21/21	\$750	\$696	\$55	\$4,549	\$13,706
12/21/21	\$750	\$699	\$52	\$4,601	\$13,011
01/21/22	\$750	\$701	\$49	\$4,650	\$12,312
02/21/22	\$750	\$704	\$46	\$4,696	\$11,610
03/21/22	\$750	\$707	\$43	\$4,740	\$10,906
04/21/22	\$750	\$710	\$41	\$4,780	\$10,199
05/21/22	\$750	\$713	\$38	\$4,818	\$9,489
06/21/22	\$750	\$716	\$35	\$4,853	\$8,777
07/21/22	\$750	\$718	\$32	\$4,885	\$8,061
08/21/22	\$750	\$721	\$29	\$4,914	\$7,343
09/21/22	\$750	\$724	\$26	\$4,941	\$6,622
10/21/22	\$750	\$727	\$23	\$4,964	\$5,898
11/21/22	\$750	\$730	\$21	\$4,985	\$5,171
12/21/22	\$750	\$733	\$18	\$5,003	\$4,441
01/21/23	\$750	\$736	\$15	\$5,017	\$3,708
02/21/23	\$750	\$739	\$12	\$5,029	\$2,972
03/21/23	\$750	\$742	\$9	\$5,038	\$2,234
04/21/23	\$750	\$745	\$6	\$5,044	\$1,492
05/21/23	\$750	\$747	\$3	\$5,047	\$747
06/21/23	\$750	\$750	\$0	\$5,047	\$0

<https://www.truecar.com/prices-new/chevrolet/silverado-1500-pricing/?zipcode=27607>

Used Car Purchase



Loan Amount: \$21,399
 Financed for: 60 months
 Interest Rate: 4.78%
 Monthly Payment: \$402

PAYMENT DATE	PAYMENT	AMORTIZATION SCHEDULE		TOTAL INTEREST	BALANCE
		PRINCIPAL	INTEREST		
06/21/18	\$402	\$316	\$85	\$85	\$21,399
07/21/18	\$402	\$318	\$84	\$169	\$21,083
08/21/18	\$402	\$319	\$83	\$252	\$20,765
09/21/18	\$402	\$320	\$81	\$333	\$20,446
10/21/18	\$402	\$322	\$80	\$414	\$20,126
11/21/18	\$402	\$323	\$79	\$492	\$19,804
12/21/18	\$402	\$324	\$78	\$570	\$19,481
01/21/19	\$402	\$325	\$76	\$646	\$19,157
02/21/19	\$402	\$327	\$75	\$721	\$18,832
03/21/19	\$402	\$328	\$74	\$795	\$18,505
04/21/19	\$402	\$329	\$72	\$867	\$18,177
05/21/19	\$402	\$331	\$71	\$939	\$17,848
06/21/19	\$402	\$332	\$70	\$1,008	\$17,518
07/21/19	\$402	\$333	\$68	\$1,077	\$17,186
08/21/19	\$402	\$335	\$67	\$1,144	\$16,852
09/21/19	\$402	\$336	\$66	\$1,210	\$16,518
10/21/19	\$402	\$337	\$64	\$1,274	\$16,182
11/21/19	\$402	\$339	\$63	\$1,337	\$15,845
12/21/19	\$402	\$340	\$62	\$1,399	\$15,506
01/21/20	\$402	\$341	\$60	\$1,459	\$15,166
02/21/20	\$402	\$343	\$59	\$1,519	\$14,825
03/21/20	\$402	\$344	\$58	\$1,576	\$14,482
04/21/20	\$402	\$345	\$56	\$1,633	\$14,138
05/21/20	\$402	\$347	\$55	\$1,687	\$13,793
06/21/20	\$402	\$348	\$54	\$1,741	\$13,446
07/21/20	\$402	\$350	\$52	\$1,793	\$13,098
08/21/20	\$402	\$351	\$51	\$1,844	\$12,749
09/21/20	\$402	\$352	\$49	\$1,893	\$12,398
10/21/20	\$402	\$354	\$48	\$1,941	\$12,046
11/21/20	\$402	\$355	\$47	\$1,988	\$11,692
12/21/20	\$402	\$357	\$45	\$2,033	\$11,337
01/21/21	\$402	\$358	\$44	\$2,077	\$10,980
02/21/21	\$402	\$359	\$42	\$2,119	\$10,622
03/21/21	\$402	\$361	\$41	\$2,160	\$10,263
04/21/21	\$402	\$362	\$39	\$2,199	\$9,902
05/21/21	\$402	\$364	\$38	\$2,237	\$9,540
06/21/21	\$402	\$365	\$37	\$2,274	\$9,176
07/21/21	\$402	\$367	\$35	\$2,309	\$8,811
08/21/21	\$402	\$368	\$34	\$2,343	\$8,445
09/21/21	\$402	\$370	\$32	\$2,375	\$8,077
10/21/21	\$402	\$371	\$31	\$2,406	\$7,707
11/21/21	\$402	\$372	\$29	\$2,435	\$7,336
12/21/21	\$402	\$374	\$28	\$2,463	\$6,964
01/21/22	\$402	\$375	\$26	\$2,489	\$6,590
02/21/22	\$402	\$377	\$25	\$2,514	\$6,214
03/21/22	\$402	\$378	\$23	\$2,537	\$5,837
04/21/22	\$402	\$380	\$22	\$2,559	\$5,459
05/21/22	\$402	\$381	\$20	\$2,579	\$5,079
06/21/22	\$402	\$383	\$19	\$2,598	\$4,698
07/21/22	\$402	\$384	\$17	\$2,615	\$4,315
08/21/22	\$402	\$386	\$16	\$2,630	\$3,930
09/21/22	\$402	\$388	\$14	\$2,644	\$3,544
10/21/22	\$402	\$389	\$13	\$2,657	\$3,157
11/21/22	\$402	\$391	\$11	\$2,668	\$2,767
12/21/22	\$402	\$392	\$9	\$2,678	\$2,377
01/21/23	\$402	\$394	\$8	\$2,685	\$1,985
02/21/23	\$402	\$395	\$6	\$2,692	\$1,591
03/21/23	\$402	\$397	\$5	\$2,697	\$1,195
04/21/23	\$402	\$398	\$3	\$2,700	\$799
05/21/23	\$402	\$400	\$2	\$2,701	\$400

- How much would you pay in total interest for a used vehicle costing \$21,399?
- How much would you pay in total interest for a new vehicle costing \$39,981?
- What is the difference in total interest paid for a new vs. used vehicle?
- What would be the advantage of paying off your car loan early?
- Personal thought: Is driving a brand new vehicle worth the additional price you pay in interest?

Answers: 1. \$2,701 2. \$5,047 3. \$2,346



Notes

[illegible]



CHAPTER 6

Retirement

TIME VALUE OF MONEY: THE CONCEPT THAT MONEY AVAILABLE AT THE PRESENT TIME IS WORTH MORE THAN THE IDENTICAL SUM IN THE FUTURE DUE TO ITS POTENTIAL EARNING CAPACITY.

- You pay state and federal taxes on your income. This affects the total amount of money you take home.
- Start saving for retirement at an early age. A 25 year old will need to save 3-4 million dollars to retire.
- Investments can be valuable tools to save and make money. Your investments will depend on your risk aversion tendency.
- $FV = PV \times [1 + (i / n)]^{(n \times t)}$
 - i = interest rate (in decimal form)
 - n = number of compounded periods
 - t = time
 - PV = Present Value
 - FV = Future Value

? Chapter 6 *Review Questions*

1. How much money would a 25 year old need to retire?

2. What is an advantage of starting to save for retirement at an earlier age?

3. What does it mean to be risk averse?

4. What type of account can return you the most interest?



Activity Seven: *Risk Aversion*

Answer the following questions to the best of your ability.

Score

1. Which would you prefer as your account?

- | | |
|---|----|
| a. Small but steady returns with little to no risk | 0 |
| b. Some risk with moderate returns | 4 |
| c. Above average returns with increased risk | 8 |
| d. Significant risk with potential well above average returns | 12 |
| e. Maximized returns with the highest risk | 15 |

2. I am comfortable with losing value on my investment if there is potential for higher returns.

- | | |
|----------------------|----|
| a. Agree | 15 |
| b. Disagree | 8 |
| c. Strongly Disagree | 0 |

3. What would you do with your investment if the account suddenly lost 20% of its value and you still had 10 years until you begin withdrawals?

- | | |
|--|----|
| a. Change to investments that are more aggressive | 18 |
| b. Nothing | 12 |
| c. Wait a year and move to more conservative investments | 5 |
| d. Immediately move to more conservative investments | 0 |

Continued on next page

Score

4. You're running late to meet some friends. The traffic light ahead turns yellow.

You:

- | | |
|--|----|
| a. Always stop at a yellow light | 0 |
| b. Hesitate but still go through the light | 8 |
| c. Go through the light | 12 |

5. You think you have found the perfect property for a rental home.

This property is in the perfect place to bring in some extra money in rent.

You discover this rental property will cost you more than expected.

You:

- | | |
|--|----|
| a. Decide it's better to wait until you have more of a cushion | 5 |
| b. Buy the property and hope for the best | 8 |
| c. Are so convinced the property is a good deal, you buy two.
The other with money from a 2nd mortgage. | 15 |

Add the score corresponding with your answer from each question. Review the following score range to determine your risk aversion tendency.

Score	Risk Aversion Tendency
5-26	Conservative
27-53	Moderate
54-75	Aggressive

CONSERVATIVE:

You prefer a steady average rate of return potentially equal to, or slightly above, the expected rate. Your portfolio would consist of low-risk investments such as bonds and money market accounts with fixed-income investments. You are not comfortable with market-based investments with high variance.

MODERATE:

Moderate risk aversion means you have a good mix of high and low risk investments. Your portfolio would be more diverse with bonds, money markets, and some stocks (high and low risk). The portfolio diversification of moderate risk aversion individuals can reduce risk as well.

AGGRESSIVE:

You are seeking the greatest potential return with extreme risks. Your portfolio would be highly invested in stocks. You would experience high returns when the market was up and high loss in value when the market is down. Diversification of stocks would help reduce risk. It would be smart to invest a small percentage in a fixed-income investment (money market, bond, etc.) to reduce risk.



Activity Eight: *Time Value of Money*

Directions: Using the basic time value of money formula, solve the following questions. $FV = PV \times [1 + (i / n)]^{(n \times t)}$

1. What is the future value of a sum of \$20,000 if it is invested for three years at 10% compounded annually?

2. Assume you want to retire with \$1,000,000 in your bank account. How much money would you have to invest in an account earning 8% compounded annually at the age of 22 to obtain that goal by age 60? Round to two decimal points.

Consider....

Then look at the chart comparing starting your retirement early vs. later.

Starting to invest at age 18				Starting to invest at age 31			
Total amount invested: \$22,000				Total amount invested: \$70,000			
Return of 7% APR	Year-End-Balance	AGE		Return of 7% APR	Year-End-Balance		
\$2,000.00	\$2,140.00	18	Starting later to invest		\$0.00		
\$2,000.00	\$4,430.00	19	\$2,000 annually for 35 years		\$0.00		
\$2,000.00	\$6,830.00	20			\$0.00		
\$2,000.00	\$9,502.00	21			\$0.00		
\$2,000.00	\$11,307.00	22			\$0.00		
\$2,000.00	\$15,308.00	23			\$0.00		
\$2,000.00	\$18,520.00	24			\$0.00		
\$2,000.00	\$21,956.00	25			\$0.00		
\$2,000.00	\$25,633.00	26			\$0.00		
\$2,000.00	\$29,567.00	27			\$0.00		
\$2,000.00	\$31,637.00	28			\$0.00		
Stopping early after investing	\$33,852.00	29			\$0.00		
\$2,000 annually for 10 years	\$36,221.00	30			\$0.00		
	\$38,757.00	31		\$2,000.00	\$2,140.00		
	\$41,470.00	32		\$2,000.00	\$4,430.00		
	\$44,372.00	33		\$2,000.00	\$6,880.00		
	\$47,479.00	34		\$2,000.00	\$9,502.00		
	\$50,802.00	35		\$2,000.00	\$11,307.00		
	\$54,358.00	36		\$2,000.00	\$15,308.00		
	\$58,163.00	37		\$2,000.00	\$18,520.00		
	\$62,235.00	38		\$2,000.00	\$21,956.00		
	\$66,591.00	39		\$2,000.00	\$25,623.00		
	\$71,252.00	40		\$2,000.00	\$29,567.00		
	\$76,240.00	41		\$2,000.00	\$33,777.00		
	\$81,577.00	42		\$2,000.00	\$38,281.00		
	\$87,287.00	43		\$2,000.00	\$43,101.00		
	\$93,397.00	44		\$2,000.00	\$48,258.00		
	\$99,935.00	45		\$2,000.00	\$53,776.00		
	\$106,931.00	46		\$2,000.00	\$59,680.00		
	\$114,416.00	47		\$2,000.00	\$65,998.00		
	\$122,425.00	48		\$2,000.00	\$72,758.00		
	\$130,995.00	49		\$2,000.00	\$79,991.00		
	\$140,164.00	50		\$2,000.00	\$87,730.00		
	\$149,976.00	51		\$2,000.00	\$96,012.00		
	\$160,474.00	52		\$2,000.00	\$104,872.00		
	\$171,707.00	53		\$2,000.00	\$114,353.00		
	\$183,727.00	54		\$2,000.00	\$124,488.00		
	\$196,588.00	55		\$2,000.00	\$135,353.00		
	\$210,349.00	56		\$2,000.00	\$146,969.00		
	\$225,073.00	57		\$2,000.00	\$159,395.00		
	\$240,828.00	58		\$2,000.00	\$172,693.00		
	\$257,688.00	59		\$2,000.00	\$186,922.00		
	\$275,724.00	60		\$2,000.00	\$202,146.00		
	\$295,025.00	61		\$2,000.00	\$218,436.00		
	\$315,677.00	62		\$2,000.00	\$235,867.00		
	\$337,774.00	63		\$2,000.00	\$254,518.00		
	\$361,418.00	64		\$2,000.00	\$274,474.00		
	\$386,718.00	65		\$2,000.00	\$295,827.00		

<https://www.smartaboutmoney.org/Courses/Money-Basics/Investing/Inflation-and-the-Time-Value-of-Money>

1. $FV = \$20,000 \times [1 + (0.10 / 1)]^{(1 \times 3)} = \$26,220.00$ 2. $2.100,000.00 \times [1 + (0.08 / 1)]^{(60 - 22)} = \$53,678.28$



Notes

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Key Terms

ACCOUNT NUMBER: The identifier for ownership of an account. Located in the bottom right corner of a check.

BENEFIT: An advantage or profit gained from something.

BUDGET: An itemized list of income and expenses. See spending plan.

CERTIFICATE OF DEPOSIT (CD) ACCOUNT: Allows you to set aside your funds for a set amount of time, collecting higher interest than a traditional savings account.

CHECKING ACCOUNT: The account where checks can be drawn by the account depositor.

COMPOUND INTEREST: Interest on the principal and accumulated interest.

CO-SIGNER: Someone who signs on the loan stating they are financial liable if the primary borrower cannot make their payment.

CREDIT SCORE: A number assigned to a person indicating to lenders their ability to repay a loan amount.

CREDIT: The borrowing capacity of an individual or company.

DEPOSIT: An addition of funds in a checking account.

DIVERSIFICATION: A risk management technique mixing a wide variety of investments to potentially minimize your investment risk.

EMERGENCY FUND: Funds set aside in case of an event or personal finance dilemma.

EXPENSES: The cost required for a service or product.

FINANCIAL INDEPENDENCE: Achieved by reducing spending, earning more, saving more, and avoiding negative cash flow.

GOAL: The end result of something you want to acquire, achieve, do, or accomplish sometime in the near or distant future.

GROSS INCOME: The total amount of money earned before taxes and benefits have been paid for.

INTEREST RATE: The percentage of the principal charged by the borrower for the use of the assets. (2) The percentage of money earned in your accounts.

INTEREST: The money paid or earned at a particular rate for the use of money lent or invested.

INVESTMENT ACCOUNT: A type of financial account that contains a deposit of funds and/or securities that is held at a financial institution. The typical objectives of an investment account are to achieve long term growth, income or capital preservation from the deposited asset portfolio.

LIFE INSURANCE: Insurance paying out a sum of money either on the death of the insured person or after a set period.

LOAN: An advancement of funds with a promise to repay the amount with interest in a designated amount of time.

MEMO: Specific purpose for writing the check.

MONEY MARKET ACCOUNT: An account typically has a higher interest rate than traditional saving accounts but may require larger minimum deposits and balances. A money market account allows a limited number of checks to be drawn from the account monthly.

NET INCOME: The amount of income left after all expenses and taxes have been paid.

OPPORTUNITY COST: The value of the opportunity forgone when making a decision.

OVERDRAFT FEE: A penalty banks may charge when there are insufficient funds in a checking account to cover a transaction.

PAYEE: The person you are paying a check to.

PERSONAL FINANCE: Involves all financial activities and decisions an individual or household has to make.

PRINCIPAL: The actual amount of money borrowed.

RISK AVERSE: Reluctant to take risks.

ROUTING NUMBER: Various numbers specific to a banking institution used to direct the magnetically encoded numbers on a check. Located in the bottom left corner of a check.

SALARY: A form of payment from an employer to an employee of a specified amount usually paid on a monthly or biweekly basis, but often expressed as an annual sum.

SAVINGS ACCOUNT: An account to store money but is still accessible.

SIMPLE INTEREST: Interest on the principal amount only.

SMARTY GOAL: A specific, measurable, attainable, realistic, time-bound, and your self-motivating goal.

SPENDING PLAN: A tool to assist one in tracking and monitoring income and expenses and avoiding negative cash flow.

TAXES: Involuntary fees on individuals or corporations and enforced by a government entity- whether local, regional, or national- in order to finance government activities.

TIME VALUE OF MONEY: The concept that money available at the present time is worth more than the identical sum in the future due to its potential earning capacity.

TRADE-OFF: Giving up one thing for another.

WITHDRAWAL: A decrease in funds of a checking account.

WITHHOLDING: The amount of an employee's pay withheld by the employer and sent directly to the government as partial payment of income tax, social security, or Medicare.

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