1. **SAVINGS BASICS**
   1. **Savings -** is the portion of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ not spent on consumption
   2. **Savings Account -** provides an easily accessible place for people to store their money for long  
       term and short term needs.  
      1. **Short-Term Savings Needs Examples –**
      2. **Long-Term Savings Needs Examples -**
2. **HOW YOUR MONEY GROWS!**
   1. **Principal –** \_\_\_\_\_\_\_\_\_\_\_\_\_\_ amount deposited into a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
   2. **Time (term) –** amount of time money is invested. Usually in \_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
   3. **Interest (rate) -** money the financial institution pays or charges
      1. **Simple Interest Formula = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_x \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_x \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
      2. **Annual Percentage Yield (APY)-** Actual interest rate paid per year with compounding included

* **NOTE! -** Truth in Savings Act states APY must be disclosed so that consumers can easily compare products/rates offered between various lending institutions  
  + 1. **Compounding Interest-** bank pays money on principal **PLUS** previously earned interest
* The more times compounded, the more time, **the more money you make.**

1. **BASIC SHORT TERM SAVINGS OPTIONS**

|  |  |
| --- | --- |
| * 1. **Savings Accounts -**       1. Pros –      2. Cons - | * 1. **Checking Accounts -**       1. Pros –      2. Cons - |
| * 1. **Money Market Account-**       1. Pros -      2. Cons – | * 1. **Certificate of Deposit (CD)-**       1. Pros -      2. Cons – |

1. **WHEN SELECTING A SAVINGS PLAN CONSIDER…**
   1. **Liquidity**  =
   2. **Other Factors = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
2. **SAVING TIPS**

1.

2.

3.