

1-2-3 Banking

Strong beginnings to a healthy financial future

As if you needed another reason ...

Why you should start actively saving now

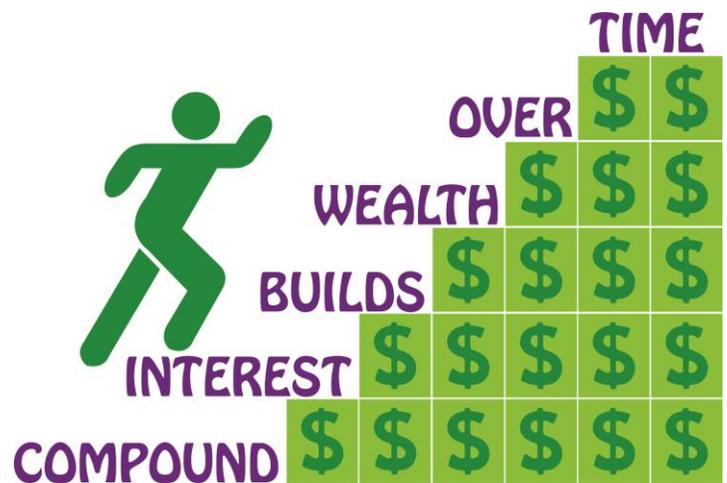
“Save your money. Make it a priority.” If you’ve heard it once, you’ve heard it a hundred times. But few of us really take the time to do it. Sure – you’re a busy 15 year-old. Heck, you may not even have income TO save. What’s the deal?

That’s why we’re here – to tell you about the 27 year-old that didn’t have “time” to start saving becoming the 70 year-old who is still working full-time with a house to pay off. We see it every day – it’s real. So, to save you the trouble later, please know that the earlier you learn this stuff, the more success you’ll have.

As you start to make money, pay yourself first by tucking some of it away in a savings account. Then, don’t touch it unless you have an important need, not want, for it. Allow your money to work smarter, not harder.

Your secret sauce is compound interest. Let us explain:

Compound interest is one of the most powerful tools there is for building wealth. It means you are earning interest on money you have saved AND on interest you have already earned. For example, if you invest \$1,000 at 2% interest at the end of one year you would have \$1,020. That is because 2% of \$1,000 is \$20. Let’s say that during the next year you earn 2% again. 2% of \$1,020 is \$20.40 so at the end of year two you would have \$1,040.40 in your account. Cool – you now have \$40.40 just by leaving it alone.



Let’s take a look at the difference starting early makes. Sally Saver starts saving \$100 every month at age 18. Her money is earning 3% interest that is added to the account each month. At age 65 when Sally retires she will have \$123,859. She only saved \$56,400 of her own money to end up with \$123,859!

Fred Finance waits until he is 25 to start saving. He is still young and only seven years older than Sally. He saves \$100 every month earning 3% interest that is added each month, just like Sally. At age 65 Fred will have \$92,837. Fred saved \$48,000.00 (only \$8,400 less than Sally) but he ended up with \$31,022 less than Sally! What a difference just a few years makes. That is the power of compounding interest.

Simply start. Just the process of getting started saving money gives you momentum. Plus it allows you to get your head above water and provides financial peace during tough financial times later on. If you aren’t saving, don’t beat yourself up. Just get started. You won’t regret it. Whenever you receive money be sure to always save some of your earnings for the future, 5-10% of what you receive is a great start. If you begin saving now you can end up with a significantly larger savings balance later in life. Enjoy the journey!