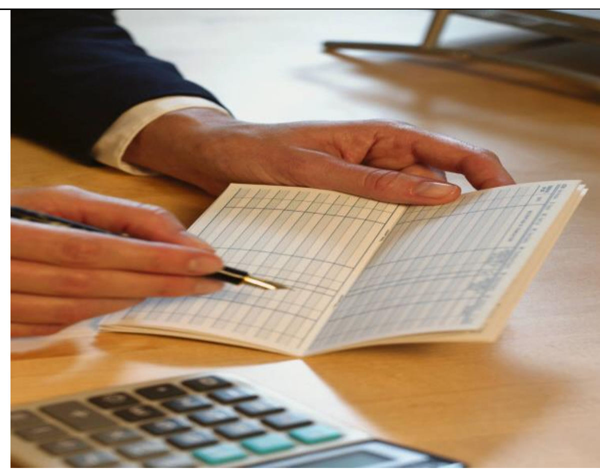
Name______________________________Period______________________Date___________________

Amelia and Joe: Saving for the Future (Key)

Help Amelia and Joe use their resources to achieve their goals. In groups of four, research five ways they can improve their spending habits in each category below. Answer the questions on the following page.

Spending • Develop a spending plan/budget and follow it as closely as possible • Review all bills and record all expenditures • Record all cash expenditures • Divide expenses into categories: food, transportation, clothing and medical • Prepare meals at home and eat out less	Savings • Open a savings account and begin by saving $25.00 a month • Have discipline when saving; it will pay off at the end • Clip coupons, buy items on sale or at second-hand stores • Sign up for free customer rewards programs • Make your own gifts • Make a list before you shop • Install a programmable thermostat
Borrowing • Review current credit card terms and look for a card with lower interest and no annual fee • Stop charging routine items like small grocery purchases and restaurant meals • Research how to use credit wisely • Don't use credit cards to "borrow" to cover monthly expenses • Avoid pay day loans	Investing • Participate in the profit-sharing program offered by Amelia's bank when she is eligible • Start building up an emergency savings fund before they starting an investment plan • Become knowledgeable about the aspects of investing such as risks, benefits and fees • Avoid scams by learning how to invest safely • Save and invest for the long term
Protecting Against Financial Crises • Evaluate insurance needs and purchase basic insurance • Purchase renter's insurance • Review and evaluate progress; determine if changes need to be made • Have good record keeping skills and monitor all accounts closely • Obtain a free annual credit report online	

Name______________________________Period_______________________Date____________________

1. How will the financial plan help Amelia and Joe with their day-to-day finances?

Student's answers will vary

2. How will the financial plan help Amelia and Joe achieve their short-term and long-term goals?

Student's answers will vary

3. How will the financial plan help Amelia and Joe in their personal relationship?

Student's answers will vary

4. What might have happened had they proceeded without any kind of financial plan?

Student's answers will vary

> The Rule of 72 is a great way to estimate how your investment will grow over time. If you know the interest rate, the Rule of 72 can tell you approximately how long it will take for your investment to double in value. Simply divide the number 72 by your investment's expected rate of return (interest rate). Assuming an expected rate of return of 9%, your investment will double in value about every 8 years (72 divided by 9 equals 8).

Joe has decided to stop eating pizza everyday for lunch. It is a quick lunch and not that expensive. He has decided to start packing his lunch to save money. Using the Rule of 72, figure out how much Joe will save by brown bagging it every day!

5. If a slice of plain pizza costs $2, and Joe buys a slice every day for a year, how much will he spend? (The correct answer is $730.00)

6. If he give up pizza and saves the $730.00 for the year, then invest it, earning 6% interest, after twelve years, how much will Joe have? (The correct answer is $1,460.00)

7. How much will he have after 36 years? (The correct answer is $5,840.00)