



MONEY SMART FOR YOUNG ADULTS



MODULE 5

Saving for Your Goals and Your Future

Participant Guide



The Federal Deposit Insurance Corporation is an independent agency created by Congress to maintain stability and public confidence in the nation's financial system. One way we do that is by providing free, non-biased financial education materials, including this participant guide. For more information about our family of Money Smart products, visit **[fdic.gov/moneysmart](https://www.fdic.gov/moneysmart)**.

Contents

Welcome	1
Module Purpose	1
Section 1: What Is Saving?.....	2
Defining Saving	2
Try It: Finding Money to Save	3
<i>Scenario: Tamara Finds Money to Save</i>	<i>3</i>
Apply It: My Quick Tips for Finding Money to Save	4
Why Save Money?.....	6
Section 2: Making a Saving Plan.....	7
Unexpected Expenses	7
Apply It: My Plan to Save for Unexpected Expenses	8
How Much Money Should You Save for Your Goals?.....	9
Apply It: Saving Money for My Goals.....	10
Saving and Public Benefits	11
Section 3: Where to Save	12
Advantages and Disadvantages of Savings Options.....	12
<i>Deposit Insurance.....</i>	<i>14</i>
<i>Interest and Compounding</i>	<i>14</i>
Automating Your Savings.....	14
Using Savings Apps	15
Other Places for Savings	16
Section 4: Saving Smart	17
Warning Signs of Fraud and Scams	17
Apply It: Protecting Yourself From Fraud and Scams.....	18
Module Closing	19
Remember the Key Takeaways.....	19
Take Action	19
Where to Get More Information or Help	20
Pre-Training Survey.....	21
Post-Training Survey	22
<i>About the Training.....</i>	<i>23</i>

WELCOME

Welcome to the FDIC's Money Smart for Young Adults!

This is the participant guide for **Module 5: Saving for Your Goals and Your Future**. Use it during and after training. You can write in it. It is yours to keep.

Module Purpose

This module will help you understand how you can save money. By the end of this module, you will be able to:

- Explain what saving is and why saving money is important
- List ways to save money
- Explain why saving money for unexpected expenses is important
- Make plans to reach savings goals
- Find information on how saving money can affect public benefits
- List advantages and disadvantages of places to put savings
- Recognize warning signs of possible fraud and scams
- List steps to take to prevent becoming a victim of fraud and scams

SECTION 1:

What Is Saving?

We will discuss what it means to save, reasons saving money is important, and ways to save money.



KEY TAKEAWAY:

Set aside some money every time you get income. Regularly saving money can make a big difference over time.

Defining Saving

What does “saving” mean?

Is buying things for less money the same as saving money?

✎ TRY IT:

Finding Money to Save

Read the scenario and answer the questions.

SCENARIO:

Tamara Finds Money to Save

Tamara works at a local retail store. Her hours vary from week to week. Some months, it is a struggle to pay her rent and utility bills. While growing up, Tamara saw her grandmother set aside part of her paycheck every Friday at the bank. She thinks *it is time to start saving money but does not know where to start.*



Where do you think Tamara should start?

How can she find money to save?

APPLY IT:

My Quick Tips for Finding Money to Save

Check the strategies you think could work for you.

- For any strategy that helps you spend less, you must take what you did not spend and set it aside where you keep your savings.** That is how you build savings.
- ATM Savvy! Ask your financial institution what automated teller machines (ATMs) you can use without paying a fee.** If you were paying ATM fees in the past, put the amount of the fees you now avoid into your savings.
- Bank On It! Shop around and open a free or low-cost checking account at a financial institution.** If you save money, perhaps by not paying fees to cash checks, put that money into your savings.
- Brand Bias! Before you buy something, consider whether you are paying more money only to get the brand name.** It may be worth the extra cost, but sometimes a different brand or generic item can be just as good, or even better. If you spend less money, add it to your savings.
- Count Your Coins! Save your change at the end of the day.** Put it into your savings weekly or monthly.
- Direct Deposit! Make savings automatic.** If you receive a paycheck, ask your employer if you can have part of your paycheck directly deposited into a savings account.
- Do I Need It? Consider needs versus wants.** Think about the items you purchase on a regular basis. Where can you save some money and add it to your savings?
 - Do you get carry-out, buy prepared foods, or eat out at restaurants a lot?
 - Can you cut back on any daily expenses?
 - Do you have services you do not really need or do not use?
 - Are you paying subscription fees for something you can live without or no longer use?
- Free Fun! Look for free entertainment at places such as libraries, parks, festivals, and more.** If you would have gone to the movies but go to the park instead, set aside the price of the movies and add it to your savings.
- Goals for Gifts! Set gift-giving limits with family and friends with whom you regularly exchange gifts.** Remember to consider the gift of time, too. Figure out what you usually would have spent and put half of that amount in savings.
- If It's Not on the List, It Doesn't Exist! Stick to a shopping list.** Put money you wanted to spend on something not on your list into your savings.
- Is It Worth It? Calculate the cost of a purchase by the hours you will have to work to pay for it versus the price.** For example, if your take-home pay is \$8 per hour and you want to buy a clothing item for \$80, it would take 10 hours of work to get it. Is this a good value to you? Set aside the money you would have spent and add it to your savings.
- Loan to You! Keep making the monthly payments to yourself (add to your savings) once you have paid off a loan.** Save that money for your goals.
- Make It Automatic! Set up an automatic transfer to a savings account from a checking account.** Automatic transfers on a set schedule can help you save money before you spend it.

Apply It: My Quick Tips for Finding Money to Save *continued*

- No Fees! Pay your bills on time.** If you have been paying late fees, put the amount of the fees you now avoid into your savings.
- Sales Savvy! Sometimes a product on sale or that has a coupon may be more expensive than a similar product.** Set aside the money you do not spend and add it to your savings.
- Save for the Future and Save Money! Participate in a retirement plan [such as a 401(k) or 403(b) plan] if your employer offers one.** Employers will often match at least some of your contributions. Self-employed people have options too. And, if your contributions are tax-deductible, the money you save in taxes means your take-home pay may not drop much.
- Save Gifts! Save part of any gift of money you receive.**
- Save Tax Refunds! Save as much of your tax refund as possible.** Choose to receive your tax refund via direct deposit. You can split it between a maximum of three different checking and savings accounts. You can also choose to use part of your refund to purchase a U.S. savings bond.
- Start Small! By consistently saving small amounts every time you receive income, your savings account will grow.** You will be motivated to try to save even more. Even that spare change you put once a month into a savings account can add up faster than you think. Some people call this “paying yourself first” because when you first get income, you put some of it into your savings.
- Take a Pause! Wait 24 hours before buying something you want but do not need.** If you do not buy it, put half of that amount in savings.
- Won't Miss It! Every time you get a raise or bonus at work, put a portion of the “extra” money into your savings account.**

Penny for Your Thoughts! Can you think of other ideas for building your savings?

Why Save Money?

There are some fundamental reasons to save money. Some people save money for:

- Goals
- Wealth-building
- Emergencies
- Covering times with less income or more expenses
- Peace of mind
- Job-related expenses
- Other



Remember the Key Takeaway

“ Set aside some money every time you get income. Regularly saving money can make a big difference over time.”

SECTION 2:

Making a Saving Plan

We will discuss saving money for unexpected expenses and making plans to reach saving goals. We will also discuss how saving money can affect public benefits you may receive.



KEY TAKEAWAY:

Create a plan to save money for your goals.

Unexpected Expenses

List some of the unexpected events in your life that required money. Put a check next to those that you handled or could have handled with \$1,000 or less.

Although it may take time and commitment to build an emergency savings fund, it is still worth doing.

Having an emergency savings fund is one of the most important steps you can take to improve your financial health and stability.

APPLY IT:

My Plan to Save for Unexpected Expenses

Use this worksheet to plan for an emergency savings fund. Once you reach your goal, keep adding to it. As you need to use some of your emergency savings, build it up again.

My emergency savings fund goal (amount of money I want to save)

- \$100 \$400 \$600 \$1,000
 \$250 \$500 \$750 Other \$ _____

I will use these strategies to save money regularly toward this goal

I will save my money here

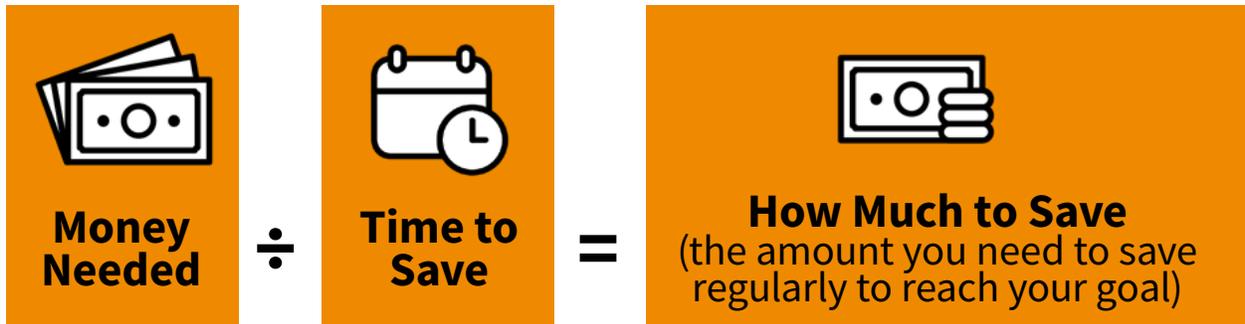
- Savings account used only for my emergency savings fund
- Prepaid card
- Savings account with my other savings
- Savings app
- Other _____

How Much Money Should You Save for Your Goals?

The amount of money you should save for your goals is based on:

- What you are saving for
- How much it will cost
- How much of that cost you need to save
- When you plan to reach your goal

Divide the money you need to save by the time you have to save it.



APPLY IT:

Saving Money for My Goals

Short-Term Goal (Less Than Six Months)

MY GOAL	AMOUNT OF MONEY I Need to Reach My Goal	AMOUNT OF TIME I Have to Save It	HOW MUCH I Need to Save (Amount of Money ÷ Amount of Time)
<p>Example:</p> <p><i>I need \$32 in four weeks to pay the copayment for my prescriptions.</i></p>	\$32	<p>___ Days</p> <p><u>4</u> Weeks</p> <p>___ Months</p>	<p>$\\$32 \div 4 = \\8</p> <p><i>I need to save \$8 each week for the next four weeks.</i></p>
	\$	<p>___ Days</p> <p>___ Weeks</p> <p>___ Months</p>	

Medium-Term Goal (Six Months to Two Years)

MY GOAL	AMOUNT OF MONEY I Need to Reach My Goal	AMOUNT OF TIME I Have to Save It	HOW MUCH I Need to Save (Amount of Money ÷ Amount of Time)
	\$	<p>___ Days</p> <p>___ Weeks</p> <p>___ Months</p> <p>___ Years</p>	

Long-Term Goal (More Than Two Years)

MY GOAL	AMOUNT OF MONEY I Need to Reach My Goal	AMOUNT OF TIME I Have to Save It	HOW MUCH I Need to Save (Amount of Money ÷ Amount of Time)
	\$	<p>___ Days</p> <p>___ Weeks</p> <p>___ Months</p> <p>___ Years</p>	

Saving and Public Benefits

Some public benefit programs determine eligibility for benefits based on a person’s income and other resources. This is commonly referred to as “means testing” or “a means-tested benefit.”

Here is a list of asset limits for some public benefit programs. Do not rely on this table alone. Check for current rules at each program’s website.

PUBLIC BENEFIT	ASSET LIMITS AS OF 2021	WHERE TO GET MORE INFORMATION
Temporary Assistance for Needy Families (TANF)	\$1,000 to \$3,000 in most states	Visit usa.gov and search for “TANF program” and the name of your state.
Supplemental Nutrition Assistance Program (SNAP, sometimes referred to as “food stamps”)	Vary by state	Visit usda.gov and search for “SNAP” and the name of your state.
Medicaid	For some disability-linked Medicaid benefits \$2,000 if single; \$3,000 if married Otherwise, generally no asset limit, although there are income limits	Visit medicaid.gov and search for “eligibility.”
Supplemental Security Income (SSI)	\$2,000 if single; \$3,000 if married	Visit ssa.gov and search for “understanding SSI.”
Social Security Disability Insurance (SSDI)	No asset limit	Visit ssa.gov and search for “disability.”
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	No asset limit	Visit usa.gov and search for “WIC eligibility requirements.”
Child Care Subsidies	Vary by state	Visit childcare.gov and select “See Your State’s Resources.”

Remember the Key Takeaway

“Create a plan to save money for your goals.”

SECTION 3:

Where to Save

We will discuss advantages and disadvantages of places to put savings.



KEY TAKEAWAY:
Consider the advantages and disadvantages of savings options before choosing where to save.

Advantages and Disadvantages of Savings Options

There are several options for where to build your savings. For each savings option, there are advantages and disadvantages.

Use this space to take notes on the discussion.

Home	
Advantages	Disadvantages

Friend or Family Member	
Advantages	Disadvantages

Prepaid Card

Advantages	Disadvantages

Savings Account

Advantages	Disadvantages

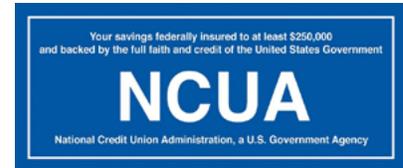
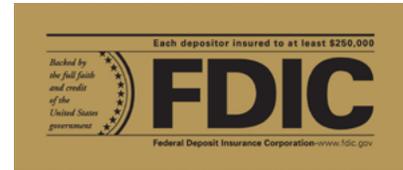
Rotating Savings and Credit Association (ROSCA)

Advantages	Disadvantages

Deposit Insurance

Federally insured financial institutions are a safe place to keep your money.

Your deposits in a federally insured financial institution are insured up to \$250,000. The Federal Deposit Insurance Corporation (FDIC) insures federally insured banks and savings associations. The National Credit Union Administration (NCUA) insures federally insured credit unions. Customers of a federally insured financial institution will keep their insured deposits in the unlikely event the institution should fail.



Interest and Compounding

Another benefit of keeping your savings in a financial institution can be interest and compounding. Interest is the money financial institutions pay you for keeping money deposited with them. Interest is expressed as a percentage.

Interest is calculated based on the interest rate, the amount of money in your account, and length of time it is in your account. The interest you earn is considered income, and you may have to pay income tax on it.

Not only do you earn interest on the amount of money you deposit and leave in your account, you also earn interest on that interest if you leave it in your account. This is called compounding interest.

Automating Your Savings

A great way to make sure you are saving consistently is to do it automatically. If you have direct deposit, you may be able to arrange for a part of each paycheck to be automatically deposited straight into your savings account. You could also set up an automatic recurring transfer with your bank from your checking account to a savings or investment account.

If you decide to use a method that automatically moves your money, make sure you understand what happens if you do not have enough money in your account to cover the automatic transfer.



Using Savings Apps

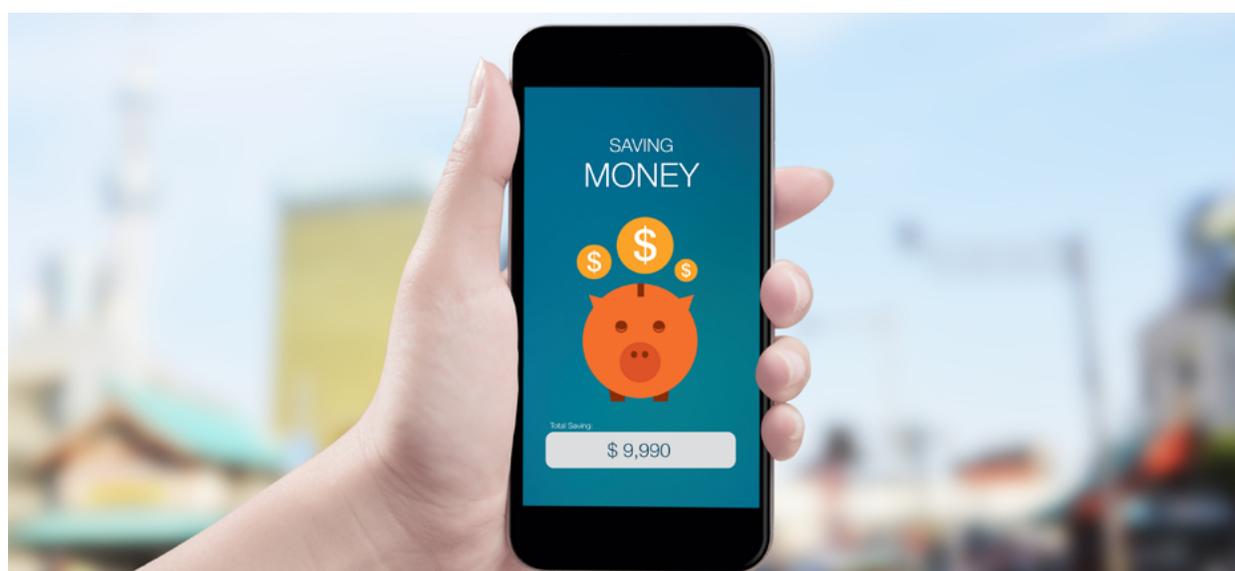
Another way that some people choose to save money is with savings apps. Savings apps typically work by transferring funds from your checking account into a savings account. There are many savings apps you may consider, so it is important to first know what you want from a savings app.

Using a Savings App	
Advantages	Disadvantages

Some apps are owned and operated by a bank that offers the savings account, while other apps are managed by a technology company that partners with a bank that offers the savings account. Regardless of which company owns the app, consider that an FDIC-insured bank or NCUA-insured credit union will insure your savings up to at least \$250,000 in the unlikely event the bank or credit union should fail.

Some apps save your money in investment accounts instead of savings accounts, so be sure to research and understand the risks involved with investment accounts if that is the case.

Consider the subscription fees or other costs of using savings apps before signing up. Also research how the savings apps will keep your information secure.



Other Places for Savings

- Money market deposit accounts
 - Generally offer a higher rate of interest than savings accounts
 - Generally require a higher minimum balance and limit the number of withdrawals you can make each month
- Certificates of deposit (CDs)
- U.S. savings bonds
 - See [treasurydirect.gov](https://www.treasurydirect.gov) for more information.
- Retirement accounts
 - See [savingmatters.dol.gov](https://www.savingmatters.dol.gov) for more information.
- Investments such as stocks, corporate bonds, and mutual funds
 - See [investor.gov](https://www.investor.gov) for more information.

Remember the Key Takeaway

“Consider the advantages and disadvantages of savings options before choosing where to save.”



SECTION 4:

Saving Smart

We will discuss warning signs for fraud and scams and how you can protect what you save.



KEY TAKEAWAY

Look out for possible fraud or scams. Take steps to protect what you save.

Warning Signs of Fraud and Scams

There are several signs that indicate you might be dealing with a scammer trying to steal what you have saved. They include contact from someone:

- Calling or emailing you, claiming to be from the government and asking you to pay money.
- Asking you to pay money or taxes upfront to receive a prize or a gift.
- Asking you to wire them money, send money by courier, or put money on a prepaid card or gift card and send it to them.
- Asking for access to your money, such as through your ATM cards, bank accounts, credit cards, or investment accounts.
- Pressuring you to “act now” or else the deal will go away. Or someone who seems to be trying hard to give you a “great deal” without time to answer your questions.



APPLY IT:

Protecting Yourself From Fraud and Scams

Losing money to scams and fraud can be devastating. Read through these tips for protecting yourself from fraud and scams. Check the box next to the tips you already follow.

Protecting Yourself From Fraud and Scams Checklist

- Do not share numbers or passwords for accounts, credit cards, or Social Security.**
- Avoid letting others use your smart phone.** Letting others use your phone gives them opportunities to access your personal information and accounts.
- Never pay upfront for a promised prize.** It is a scam if you are told that you must pay fees or taxes to receive a prize or other financial windfall.
- Take time to compare prices after hearing a sales pitch.** Ask for information in writing and read it carefully.
- Ask yourself why someone is trying so hard to give you a “great deal.”** If it sounds too good to be true, it probably is.
- Watch out for deals that are only “good today” and that pressure you to act quickly.** Walk away from high-pressure sales tactics that do not allow you time to read a contract or get legal advice before signing. Also, do not fall for the sales pitch that says you need to pay immediately, for example by wiring the money or sending it by courier.
- Put your number on the National Do Not Call Registry.** Go to [donotcall.gov](https://www.donotcall.gov) or call (888) 382-1222.
- Never share pictures of debit or credit cards or receipts or post them on social media sites.**
- Never answer emails that ask for account information, even if they are from organizations or people you know.**
- Avoid “free” offers online that may be designed to trick you into spending money without realizing it.**
- Set up real-time activity alerts on your financial institution accounts.** Many financial institutions offer the ability to set up account alerts that ping your phone or email every time there is activity on your account.

Were there any tips that you do not already practice that you would like to try?

Remember the Key Takeaway

“ Look out for possible fraud or scams. Take steps to protect what you save.”

MODULE CLOSING

Remember the Key Takeaways

SECTION	KEY TAKEAWAY
1: What is Saving?	Set aside some money every time you get income. Regularly saving money can make a big difference over time.
2: Making a Saving Plan	Create a plan to save money for your goals.
3: Where to Save	Consider the advantages and disadvantages of savings options before choosing where to save.
4: Saving Smart	Look out for possible fraud or scams. Protect what you save.

Take Action

You are more likely to act if you commit to **taking action now**. One way to commit is to think about what you plan to do because of what you learned today. Then write it down.

What will I do?

How will I do it?

Will I share my plans with anyone? If so, who?

Where to Get More Information or Help

If you have a question about a banking product, ask a customer service representative at the financial institution for help.

If you have a concern, explain to the customer service representative what happened and what you would like them to do to correct the situation. If that does not help, consider contacting the federal regulator for that financial institution.

To find out who regulates the financial institution, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342) or visit [fdic.gov/consumers/assistance/filecomplaint.html](https://www.fdic.gov/consumers/assistance/filecomplaint.html).

The Securities and Exchange Commission provides information and tools for people who choose to invest their savings at [investor.gov](https://www.investor.gov). Resources include Saving and Investing: A roadmap to your financial security through saving and investing ([investor.gov/sites/investorgov/files/2019-02/Saving-and-Investing.pdf](https://www.investor.gov/sites/investorgov/files/2019-02/Saving-and-Investing.pdf)).



Pre-Training Survey

Your instructor may ask you to complete this pre-training survey.

Please answer these questions:

1. Spending less money on a purchase is the same as saving money.

True False

2. You can calculate how much money you need to save every week for a goal by dividing the money needed by the time you have to save.

True False

3. Interest is calculated using:

- a. The interest rate
- b. The amount of money in your account
- c. Length of time money is in your account
- d. All of the above

4. Banks or credit unions sometimes ask for account information through email.

True False

Post-Training Survey

Your instructor may ask you to complete this post-training survey.

Please answer these questions:

1. Spending less money on a purchase is the same as saving money.

True False

2. You can calculate how much money you need to save every week for a goal by dividing the money needed by the time you have to save.

True False

3. Interest is calculated using:

- a. The interest rate
- b. The amount of money in your account
- c. Length of time money is in your account
- d. All of the above

4. Banks or credit unions sometimes ask for account information through email.

True False

About the Training

Please answer the following questions about the training.

1. The trainer:

- | | | |
|--|------------------------------|-----------------------------|
| Shared information in a way that was clear and easy to understand. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Made the training engaging. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Encouraged participation and discussion. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Showed respect for all participants. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Created a good learning environment. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

2. Do you feel better able to make decisions related to the topic of this training?

- True False I do not know

3. Did the training provide information that you can use immediately?

- True False I do not know

4. What were strengths of the training materials?

What could be improved?

5. What were strengths of how the instructor led the training?

What could be improved?

6. What else would you like to learn about this topic or other money topics?