



Alabama Jump\$tart

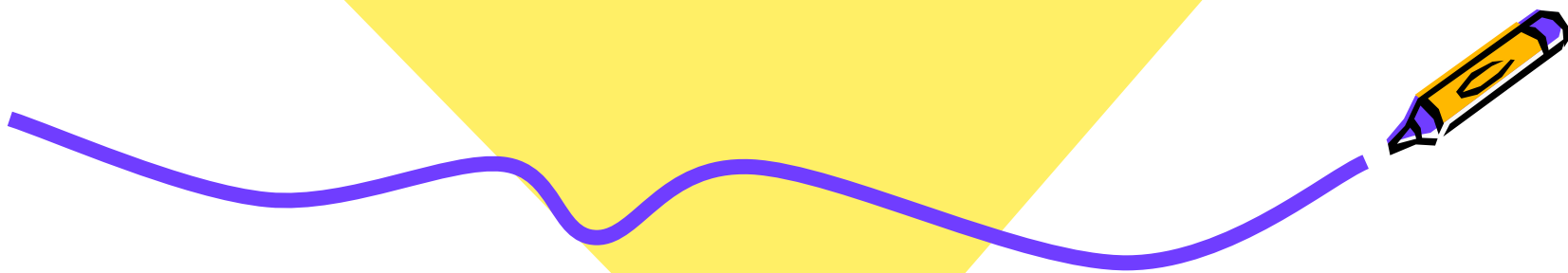
April 2007

"Teach Youth to Save & Invest Month"





Speaker Introduction



MONEY MANAGEMENT ACTIVITY 1 - HANDOUT 1



TAKE A GOOD LOOK AT A PAYCHECK

1 The number of exemptions determines the amount of taxes withheld.

2 Detail of applicable federal, state, and local income taxes paid

3 401(k) contribution is a pre-tax deduction

4 Flexible Spending Accounts (for healthcare, child or dependent care expenses) are pre-tax deductions

5 By using Direct Deposit you can automatically have money sent to multiple bank accounts

ABC Supplies Corp.
500 Smith Avenue
Anytown, NY 10101

Social Security Number: 999-99-9999

Taxable Marital Status: Married

Exemptions/Allowances: Federal: 3
State: 2
Local: 2

Earnings	rate	hours	this period	year to date
Regular	10.00	32.00	320.00	1040.00
Overtime	15.00	1.00	15.00	45.00
Holiday	10.00	8.00	80.00	160.00
Tuition			37.43*	112.29
Gross Pay			\$452.43	1357.29

Deductions - statutory

Federal Income Tax	-37.29	111.87
FICA - Social Security	-24.83	74.49
FICA - Medicare	-5.81	17.43
NY State Income Tax	-8.26	24.78
NYC Income Tax	-5.11	15.33
NY SUI/SDI Tax	-0.60	1.80

other

401(k)	-27.15*	81.45
Life Insurance	-2.00	6.00
Dental	-2.00*	6.00
Medical	-20.00*	60.00
Dep. Care FSA	-30.00*	90.00

Net Pay \$289.38

* Excluded from federal taxable wages

Your federal wages this period are \$373.28

SAMPLE PAYSTUB

Period Ending: 1/21/05
Pay Date: 1/21/05

John Ortiz
101 Main Street
Anytown, NY 12345

Other Benefits

and Information	total to date
Vac Hrs	72.00
Sick Hrs	16.00

Important Notes

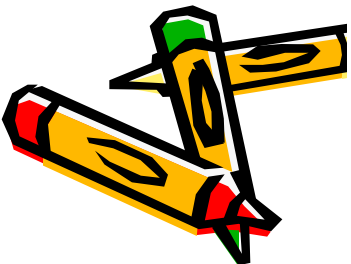
EFFECTIVE THIS PAY PERIOD YOUR ADDRESS HAS BEEN CHANGED. PLEASE CHECK FOR ACCURACY.

ABC Supplies Corp.
500 Smith Avenue
Anytown, NY 10101

Advice Number: 00000000
Pay Date: 1/21/05
Social Security No: 999-99-9999

Deposited to the account of	type	account no.	routing no.	amount
JOHN ORTIZ	checking	23255	2155 5522	\$264.38
JOHN ORTIZ	savings	21123	1111 5522	\$25.00

NON-NEGOTIABLE

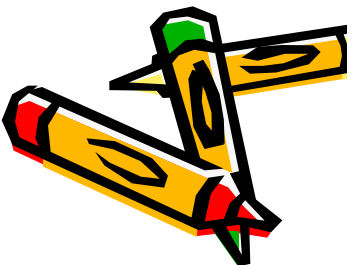
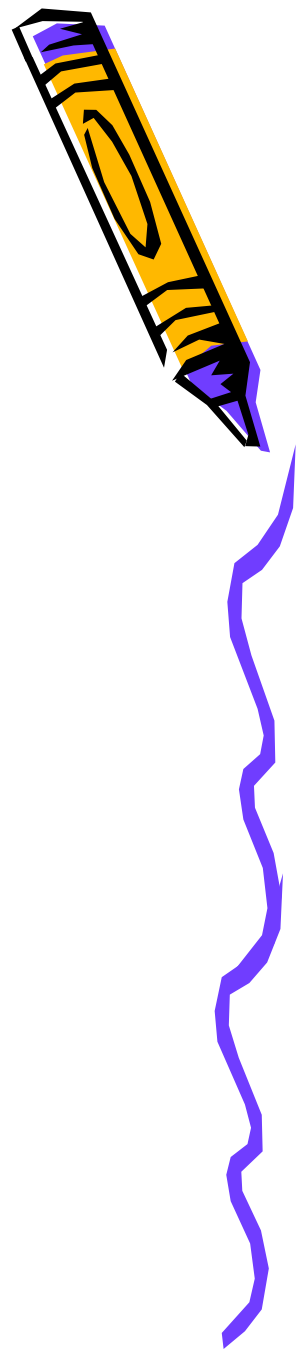


**MONEY MANAGEMENT
ACTIVITY 1 - OVERHEAD 1**



DO YOU SAVE?

DO YOU INVEST?





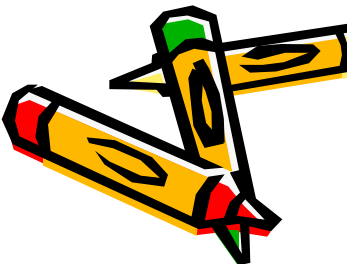
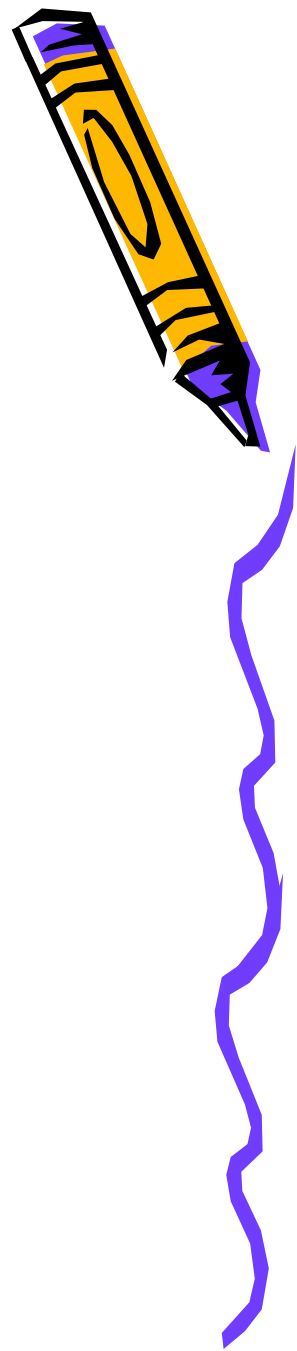
SAVING VS. INVESTING

Saving

- Short-term.
- Postpones spending.
- Has safety precautions.

Investing

- Long-term.
- Exchanges money for something with the future expectation of receiving a profit.
- Has risk factors.





Money Management



REASONS TO SAVE

- Provide for unexpected emergencies.
- Purchase expensive items in the future.
- Ensure retirement.
- Plan for investment opportunities.





Introduction to Financial Services



PLACES TO SAVE MONEY

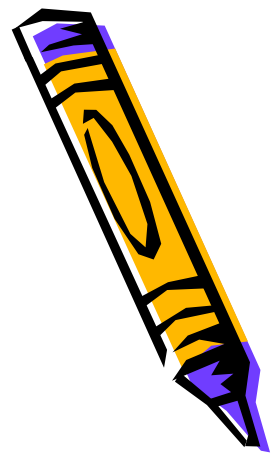
Would you save your money in any of these places? Why? Why not? Can you think of other places to save money?

- Bed & Mattress
- Cookie Jar
- Pillow
- Wallet
- Money Belt
- Small House Safe





Money Management



PLACES TO SAVE

- Savings Accounts
- Money Market Accounts
- Certificates of Deposit (CDs)
- Savings Bonds
- Insurance





Money Management



LOOKING AT PLACES TO SAVE

On a scale of 1 to 5 (with 1 being low and 5 being high), rate the following places to save your money.

TYPE OF SAVINGS	SAFETY	ACCESS TO MONEY	RATE OF RETURN
Savings Account			
Money Market Account			
Certificate of Deposit			
Savings Bond			
Insurance			

Based on the above ratings, where would you save your money? Why?





Money Management

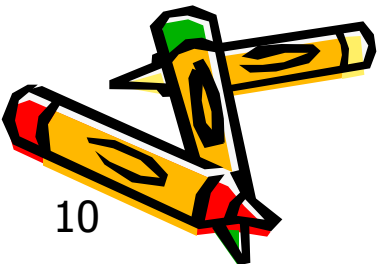


IMPACT OF RETURNS ON SAVINGS

This chart shows what happens at several different rates to **\$100** in an account when no money is withdrawn and **interest is compounded yearly.**

Compound Interest Table

Periods	1%	3%	5%	6%	8%
1	\$101.00	\$103.00	\$105.00	\$106.00	\$108.00
2	102.01	106.09	110.25	112.36	116.64
3	103.03	109.27	115.76	119.10	125.97
4	104.06	112.55	121.55	126.25	136.05
5	105.10	115.93	127.63	133.82	146.93
10	110.46	134.39	162.89	179.08	215.89
15	116.10	155.80	207.89	239.66	317.22
20	122.02	180.61	265.33	320.71	466.10





Money Management

PLACES TO INVEST

- Stocks
- Bonds
- Mutual Funds
- Retirement Plans
- Real Estate
- Collectibles/Valuables



Money Management



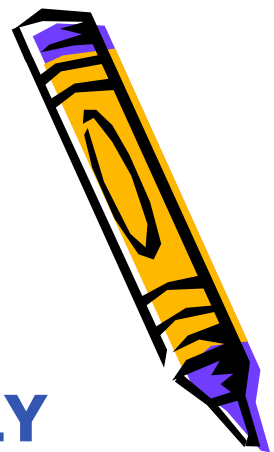
QUESTIONS TO ASK BEFORE MAKING AN INVESTMENT

1. How safe is the investment?
2. What types of returns can I expect?
3. What kind of risk is involved?
4. Can I get my money back if I need it? How long will it take and how much will it cost to get it back quickly?
5. Are my investments in a variety of places to spread my risks (diversification)?
6. Check out the person offering you an investment with the Alabama Securities Commission! Alabama law requires most securities and the people selling them to be registered.



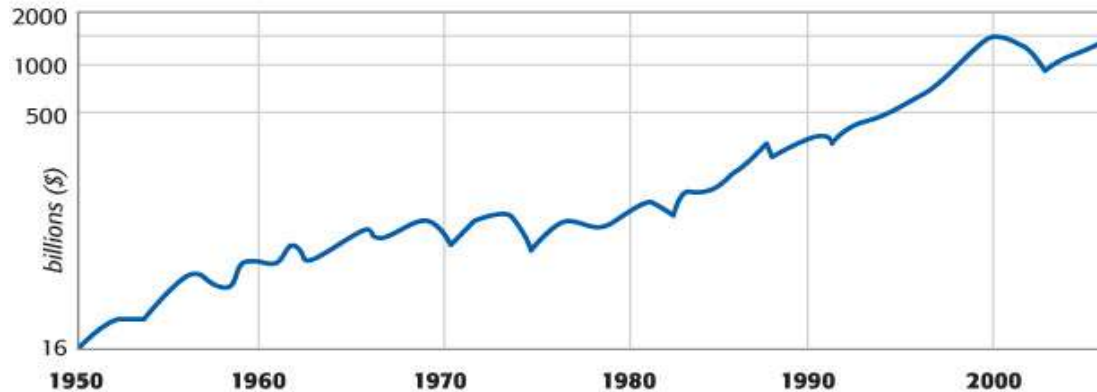


Money Management



SAVING VS. INVESTING, HISTORICALLY

S&P 500 Index as of 2006



The S&P 500 stock index has increased almost 200 percent since 1970. On average, the stock market returns 12 percent per year, including dividends.

Savings rates, by comparison, have been much lower – anywhere from 1.5% to 5%, usually depending on the length of time the savings are deposited.

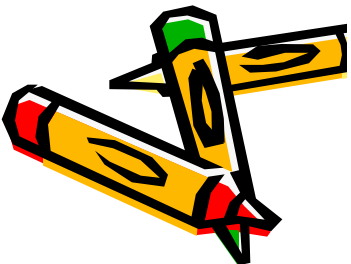
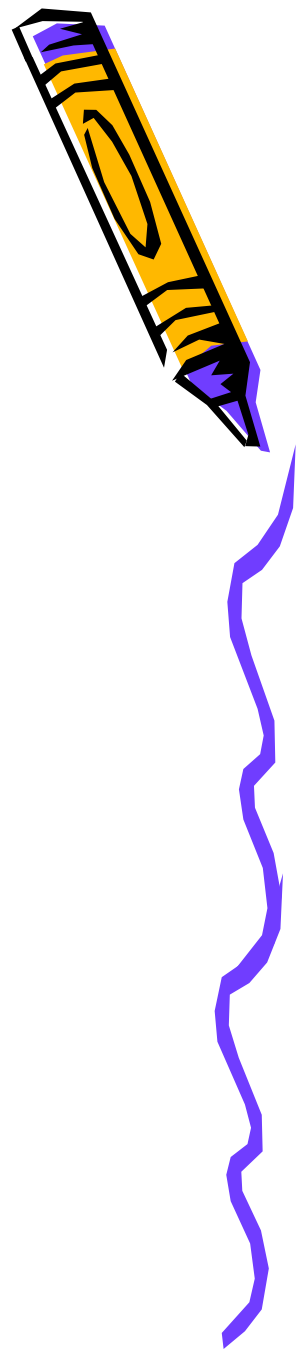


MONEY MANAGEMENT ACTIVITY 1 - HANDOUT 2



MAKING A SUCCESSFUL FINANCIAL PLAN

- 1. Start as early as possible.**
- 2. Set goals.**
 - Be realistic.
 - Identify what you want, when you want it, and how much it will cost.
 - Include both short- and long-term goals.
 - Involve family members in the discussion.
- 3. Include both short- and long-term strategies.**
 - There should be a strategy to reach each of the desired goals.
 - Remember that short-term goals can lead to the achievement of long-term goals.
- 4. Support the plan with a practical, working budget.**
 - Commit to putting aside a certain amount of money on a regular basis.
 - Consider having automatic transfers or payroll deductions.
- 5. Review the plan on a regular schedule.**
 - Review and revise when necessary.
 - Be flexible.
- 6. Do your homework while working on your plan. Give some thought to your options, and be flexible.**
- 7. Put the plan in writing.**



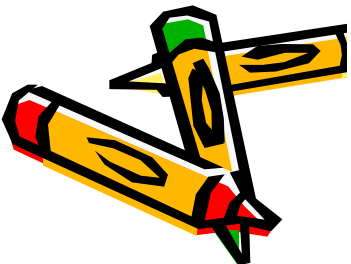
MONEY MANAGEMENT ACTIVITY 1 - HANDOUT 3



SETTING MY FINANCIAL GOALS

Take the first step toward establishing a financial plan. What are your short- and long-term financial goals? How do you plan to achieve those goals? Begin the planning process by thinking about your goals and strategies.

FINANCIAL GOALS		
My short-term financial goals are:		
Purpose	Financial Amount Needed	Time Frame
	\$	
	\$	
	\$	
My long-term financial goals are:		
Purpose	Financial Amount Needed	Time Frame
	\$	
	\$	
	\$	
FINANCIAL STRATEGIES		
I plan to achieve my short-term financial goals by doing the following:		
•		
•		
I plan to achieve my long-term financial goals by doing the following:		
•		
•		



Sources of Information



- www.jumpstart.org
- Citigroup Inc.
Citigroup Financial Education Curriculum
<http://curriculum.financialeducation.citigroup.com>





Thank you!

The End

