**Money**

-paper money is printed by the federal government

-debit card: card that deducts purchases from your bank account

-allows you to spend money you have

-credit card: card that authorizes purchases on credit

-allows you to spend money you don’t have

-how do credit cards make money?

-charge the merchants

-charge late fees*:*

-charge interest on any balance not paid in full every month

-DISCUSS advantages/disadvantages

**Saving money**

-Why?

-FDIC insures bank deposit up to $250,000

**Interest**

-simple: on principal

-compound: on principal and interest

EXAMPLE dif in simple and compound interest

$1000 4% for 30 years

-simple: I=PRT

-compound: At=Ao(1+r)t

LOOK at Ben vs. Arthur overhead

<http://www.daveramsey.com/article/how-teens-can-become-millionaires/lifeandmoney_kidsandmoney/>

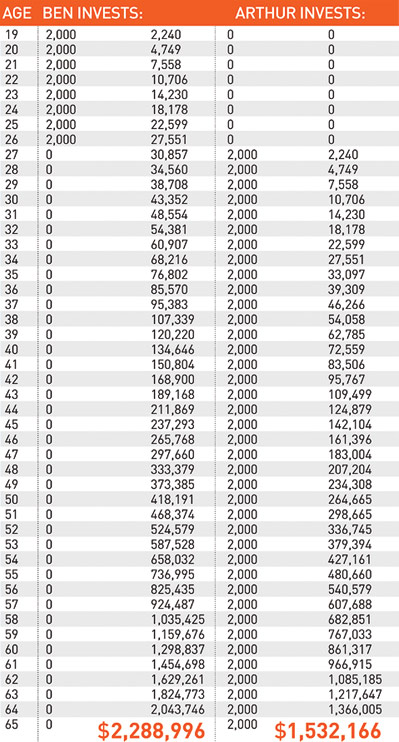
Ben and Arthur were friends who grew up together. They both knew that they needed to start thinking about the future. At age 19, Ben decided to invest $2,000 every year for eight years. He picked investment funds that averaged a 12% interest rate. Then, at age 26, Ben stopped putting money into his investments.

**Now Arthur didn’t start investing until age 27.** Just like Ben, he put $2,000 into his investment funds every year until he turned 65. He got the same 12% interest rate as Ben, but he invested 31 more years than Ben did.

Amount Ben saved: \_\_\_\_\_\_\_\_\_

Amount Auther saved: \_\_\_\_\_\_\_\_\_

When both Ben and Arthur turned 65, they decided to compare their investment accounts. Who do you think had more? Ben, with his total of ------- invested over eight years, or Arthur, who invested ---------- over 39 years?



Believe it or not, Ben came out ahead … \_\_\_\_\_\_\_\_\_\_\_\_ ahead! Arthur had a total of $1,532,166, while Ben had a total of $2,288,996. How did he do it? **Starting early is the key.** He put in less money but started eight years earlier. That’s compound interest for you! **It turns \_\_\_\_\_\_\_\_\_\_ into almost $2.3 million!** Since Ben invested earlier, the interest kicked in sooner.