BURLINGTON COMMUNITY FINANCIAL CENTER

FINANCIAL LITERACY 101

Workshop #1 – Saving & Building Wealth

WORKBOOK

SCAN ME!

Instructor:

Ryan Lipson

Licensed Financial Professional &
Internal Revenue Service Tax Site Coordinator

Office: 209 Burlington Rd. Ste.115, Bedford, MA 01730
Email: RyanLipson@bcfc-ma.com
Phone: 781-281-8383

The information in this workshop should not be interpreted as accounting, investment, legal, or tax advice. It is not an offer to sell or a solicitation to buy any security, insurance or any other financial product. This workshop is for educational purposes only. You will not learn everything during the course of this workshop, however we hope you gain more confidence, and take action toward reaching your goals.

SAVING & BUILDING WEALTH

What you will learn:

- Identifying your goals
- The Financial Foundation Mindset
- What is The Wealth Formula, and how can it help you?
- Understanding the effects of Time and Inflation on your assets

GOAL SETTING WORKSHEET

Financial goals are generally based on the amount and time needed to achieve them. People of various ages will have different goals and time frames.

LESS THAN 1 YEAR	1-5 YEARS	5+ YEARS

What are your goals?

- Retirement
- Education / College
- Medical expense
- Elective surgeries
- New car
- Pay off credit cards
- Pay off debt
- Wedding
- Engagement ring
- New home
- New appliances
- Home repairs or improvements
- Vacation
- Birthday party
- New phone
- Investment property
- Moving out
- Hobbies
- Recreation
- Baby / family planning
- Personal gifts
- Anniversary get away
- Road trip
- Tickets to a concert, big game, outing or show

What other goals do you wish to achieve?

HOW MUCH DO I NEED?

To help determine how much you need to save, you can use:

- Formula 10/20
- Personal Financial Strategy
- Financial Calculators

No matter which strategy you use,
procrastination cannot be part of the strategy!

CALULATE YOUR GOALS

How much do you need to save for a car, or a house? Retirement? Let's say you need to have $1 million at age 65, but you don't know how much to save each month. At age 25, here's what you'll need to save per month based on an 8% rate of return*:

Age 25 = $ $286.44

Age 35 = $ _____

Age 45 = $ _____

Age 55 = $ _____

**This is a hypothetical example for illustrative purposes only and is not intended to represent any specific investment. This example does not consider any costs associated with investing.*

SCAN ME!

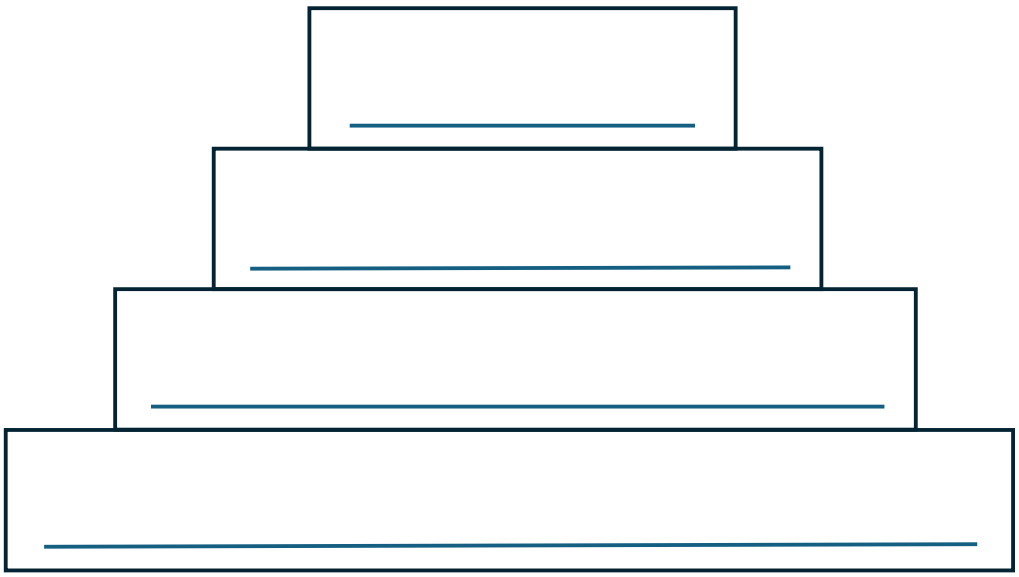
Evaluate how much you'll need to save for one of your long-term goals by using this calculator (scan the QR code to access with your phone). Assume an 8% rate of return like the example above.

Evaluate how long it will take to reach your long-term savings goal by using this calculator (scan the QR code to access with your phone). Assume an 8% rate of return like the example above.

SCAN ME!

FINANCIAL FOUNDATION

Like building a house, you must build it from the ground up.



THE WEALTH FORMULA

_____

\+ _____

+/- _____

\- _____

\- _____

= _____

THE COST OF PROCRASTINATING

MR. START EARLY vs MR. WAIT LONGER

- Mr. Start Early invests $300 per month for 7 years in an 8% tax-deferred account.
- Mr. Wait Longer isn't concerned with the future and wants to "enjoy" his 20's before he settles down. He waits 7 years before he starts investing the same $300 per month in an 8% tax-deferred account.

*For illustration purposes only.

MR. START EARLY			MR. WAIT LONGER		
Age	Yearly Contribution	Total Accumulation	Age	Yearly Contribution	Total Accumulation
25	$3,600	$3,888	25	$0	$0
26	$3,600	$8,087	26	$0	$0
27	$3,600	$12,622	27	$0	$0
28	$3,600	$17,520	28	$0	$0
29	$3,600	$22,809	29	$0	$0
30	$3,600	$28,522	30	$0	$0
31	$3,600	$34,692	31	$0	$0
32	$0	$37,467	32	$3,600	$3,888
33	$0	$40,465	33	$3,600	$8,087
34	$0	$43,702	34	$3,600	$12,622
35	$0	$47,198	35	$3,600	$17,520
36	$0	$50,974	36	$3,600	$22,809
37	$0	$55,052	37	$3,600	$28,522
38	$0	$59,456	38	$3,600	$34,692
39	$0	$64,212	39	$3,600	$41,355
40	$0	$69,349	40	$3,600	$48.552
41	$0	$74,897	41	$3,600	$56,324
42	$0	$80,889	42	$3,600	$64,718
43	$0	$87,360	43	$3,600	$73,783
44	$0	$94,349	44	$3,600	$83,574
45	$0	$101,897	45	$3,600	$94,148
46	$0	$110,048	46	$3,600	$105,567
47	$0	$118,852	47	$3,600	$117,901
48	$0	$128,361	48	$3,600	$131,221
TOTAL CONTRIBUTION			**TOTAL CONTRIBUTION**		

THE RULE OF 72

Practice Example:

72 / 6% = _____		72 / 8% = _____		72 / 10% = _____	
At 6%, money nearly doubles every _____ years		At 8%, money nearly doubles every _____ years		At 10%, money nearly doubles every _____ years	
Years	Amount	Years	Amount	Years	Amount
Initial Amount	$10,000	Initial Amount	$10,000	Initial Amount	$10,000
12	$20,122	9	$19,990	7	$19,487
24	$40,489	18	$39,960	15	$41,772
36	_____	27	$79,881	22	$81,403
		36	_____	29	$158,631
				36	_____

Answer the questions based on your understanding:

If $100,000 is put into an account, and in 9 years it doubles to $200,000, what is the rate of return?

a) 4% b) 50% c) 2% d) 8%

If paying the balance on a credit card is ignored, and the APR is 18%, in how many years will the debt balance double?

a) 2 years b) 3 years c) 4 years d) 5 years

Using the table above, at a 10% rate of return, approximately how much money would there be after 43 years?

a) $100,000 b) $300,000 c) $319,126 d) over $600,000

AVERAGE COST OF LIVING

What would an additional $1,000 per month do for you?