



LifeSmarts

Learn it. Live it.

Key Points

START EARLY, EARN MORE

The earlier you begin saving and investing, the more time your money has to grow through compound interest.

KNOW YOUR OPTIONS

Savings accounts, CDs, mutual funds, and stocks each have different levels of risk and reward.

RISK AND REWARD GO TOGETHER

Higher potential returns often come with greater risk. It's important to find a balance that fits your goals.

SET GOALS AND MAKE A PLAN

Whether it's college, a car, or future freedom, clear goals help you stay motivated and make smarter money choices.

Core Concepts

PAY YOURSELF FIRST

Treat savings like a fixed monthly expense, automate it if you can.

INVESTING IS FOR EVERYONE

You don't need to be wealthy to get started. Many apps and platforms offer low-cost entry points.

START SMALL, THINK BIG

Even small, regular contributions can grow over time thanks to compounding and consistent saving habits.

RISK VS. REWARD

All investments carry risk. Typically, the greater the potential reward, the higher the risk involved.

DIVERSIFY TO REDUCE RISK

Don't put all your money in one place. Spreading out investments helps protect your money.

INTEREST CAN WORK FOR OR AGAINST YOU

Compound interest helps grow savings but also increases debt if you're borrowing.

RESEARCH BEFORE YOU INVEST

Use credible sources like investor.gov to check for scams and understand what you're buying.

StudySmart Guide - StudySmart Guide - StudySmart Guide - StudySmart Guide

Saving and Investing

Additional Resources

Investor.gov – Saving and Investing

U.S. Securities and Exchange Commission guide explaining the basics of saving, investing, and how to get started

<https://bit.ly/4fuOfwJ>

SEC - Saving and Investing Guide for Students

Downloadable brochure that covers the basics of saving and investing

<https://bit.ly/4m891or>

CFPB - Your Money, Your Goals toolkit

Collection of individual tools and handouts to start the money conversation

<https://bit.ly/4orFKGY>

YouTube - Saving vs Investing: The Smartest Place For Your Money

NerdWallet provides insight into whether it's better to focus on saving or investing

<https://bit.ly/3HjnI9i>

Listen to the Podcast



Explore and Explain

1. Why is it easier to build wealth when you start saving and investing at a young age?
2. How does compound interest work, and why is it important for long-term savings?
3. What's the difference between a savings account and an investment account?
4. How can setting financial goals help you choose the right savings or investment strategy?

Learning how to save and invest early gives you a head start toward financial security and smarter money decisions in the future.

Acronyms

DRIP

Dividend Reinvestment Plan

ETF

Exchange-Traded Fund

FDIC

Federal Deposit Insurance Corporation

IRA

Individual Retirement Account

SEC

Securities and Exchange Commission

Saving and Investing



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Vocabulary

ASSET ALLOCATION

How you divide your money among different types of investments (like stocks, bonds, and cash) to manage risk and meet your goals

CAPITAL GAIN

Profit you make when you sell something for more than you paid for it

COMPOUND INTEREST

Earnings on both the money you save and the interest that money earns over time

EXCHANGE-TRADED FUND

A fund that holds a mix of investments like a mutual fund but trades on the stock market like a stock

INDEX FUND

A type of fund designed to follow the performance of a specific group of investments, like the S&P 500

LIQUIDITY

How quickly and easily you can turn something into cash without losing value

MUTUAL FUND

A pool of money from many people that's used to buy a variety of investments, managed by professionals

PURCHASING POWER

How much your money can buy—often reduced over time by inflation

REAL RETURN

The actual profit from an investment after subtracting taxes and inflation

RISK TOLERANCE

How much risk or potential loss you're comfortable with when investing

TURNOVER

How often investments in a fund are bought and sold; can affect taxes and costs