

 **BUILDING BLOCKS STUDENT WORKSHEET**

# Discovering the benefits of investing early

Investing can help you reach long-term financial goals. While investing comes with risks (you can lose your money), money that you've invested often increases in value over time. Generally, the earlier in life you start investing, the more time your investment has to grow.

## Instructions

- 1 Read the scenario about Maria, Jai, and Alex.
- 2 Go to the U.S. Securities and Exchange Commission's (SEC's) compound interest calculator at <https://www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator>.
- 3 Enter each person's information into the calculator one at a time and record your findings under "Investment results" on the next page.
- 4 Answer the reflection questions.

## Scenario:

- Maria is 15, Jai is 25, and Alex is 35.
- Each has \$500 to start investing and can add \$25 every month.
- The investment will earn about 7 percent a year.
  - Remember that this rate of return is for the example only. For most investments, the rate of return isn't guaranteed.
- Maria, Jai, and Alex want to retire at 65 and want to know how much they'll have then.
  - Maria can invest for 50 years, Jai for 40 years, and Alex for 30 years.



## Investment results

A. How much would each person earn?

Maria \$ \_\_\_\_\_ Jai \$ \_\_\_\_\_ Alex \$ \_\_\_\_\_

B. How much more would Maria earn than Alex? \$ \_\_\_\_\_

C. How much more would Maria earn than Jai? \$ \_\_\_\_\_

D. How much more would Jai earn than Alex? \$ \_\_\_\_\_

## Reflection questions

Think about the retirement situation for each person in this scenario. What's something that Maria may be able to do at retirement that Alex may not be able to do?

In what ways might investing as early as possible help you meet your financial goals?

What steps can you take now or early in your life to help you start saving for your own retirement?