# Make Your Money Work While You Sleep

Compound interest at scale, index funds vs. individual stocks, retirement accounts, and building credit from zero.

Name: _____ Date: _____

**OBJECTIVE**

Make Your Money Work While You Sleep

| Where your money can go | Risk / return |
|---|---|
| Savings account | Very low risk, low return, FDIC-insured up to $250,000. |
| Index fund | Moderate risk, historically ~7-10%/yr average, tracks a whole market. |
| Individual stock | High risk, could be a huge winner or go to zero. |
| Roth IRA | Not an investment itself, a retirement ACCOUNT that can hold any of the above and grows tax-free. |

**THE COST OF WAITING**

Invest $200/month at a 7% average annual return until age 60. Start at age 20 (40 years of contributions): about $525,000. Start at age 30 instead (30 years): about $244,000, less than half, even though the later starter only contributed 25% less money overall ($72,000 vs. $96,000). The extra decade of compounding matters more than the extra decade of contributions.

**DISCUSS**

Would you rather have a guaranteed 3% return, or a chance at 10% with real risk of loss? At 16, does your answer change by the time you're 60? Why?

| Building credit from zero | The move |
|---|---|
| Start | Get a secured card or become an authorized user on a parent's card. |
| Pay it off | Pay the full statement balance on time, every single month. |
| Stay under 30% | Keep your credit utilization under 30% of your limit (under 10% is even better). |
| Play the long game | Don't close your oldest card later, account age counts. |

*Name one credit mistake you've heard about (from family, friends, or media) and explain what the person could have done differently.*