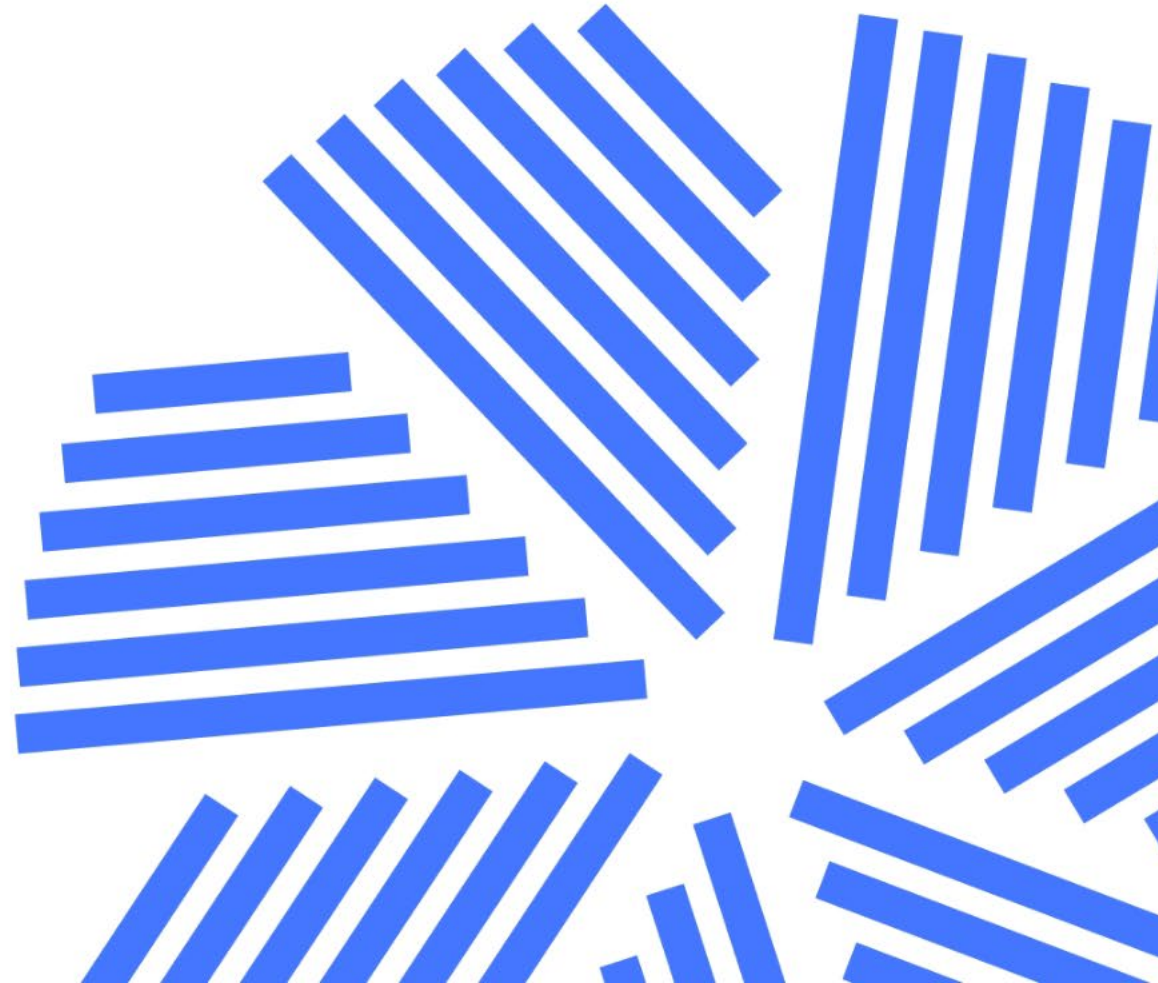




Savings

DATE



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CFA Society Boston

- Non-profit professional society of over 5,800 investment professionals
- New England's largest investment professional membership organization
- Founded in 1946, CFA Society Boston is a founding society of CFA Institute.



CFA Institute

- Global association of investment professionals
- Sets the standard for professional excellence and credentials
- Champions ethical behavior in investment markets
- Respected source of knowledge in the global financial community.





Unsplash photo by Angel Balashev

Saving

“Someone’s sitting in the shade today because someone planted a tree a long time ago.”

– Warren Buffett



Why is Saving Important?



Create a reserve /
rainy day fund



Achieve
specific goals



Build a base for
long-term financial health

Important Savings Terms

Principal

The money you save

Interest

The money you get paid
by the bank for saving
your money

Compound Interest

Interest paid on both
the principal and the
interest already earned

How to calculate?



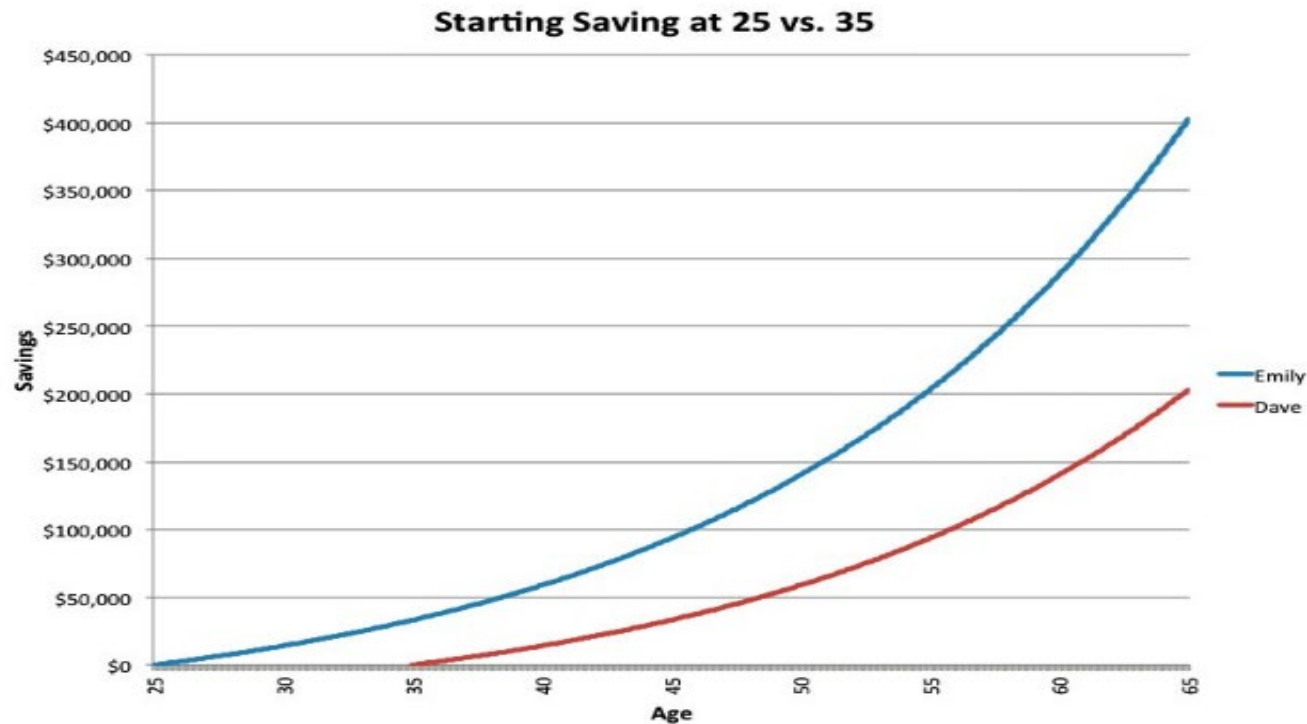
Compound Interest: An Example

YEAR	BEGINNING AMOUNT	INTEREST	ENDING AMOUNT
1	100.00	2.00	102.00
2	102.00	2.04	104.04
3	104.04	2.08	106.12
4	106.12	2.12	108.24
5	108.24	2.16	110.41

Compounding Interest: The importance of Time

- Emily starts saving \$200/month at age 25
- Dave starts saving \$200/month at age 35
- Both continue to add \$200 each month until they retire at 65
- Assuming a 6% rate of return per year, who has more at retirement?
- How much more?

Power of Compounding Interest



Business Insider/Andy Kiersz

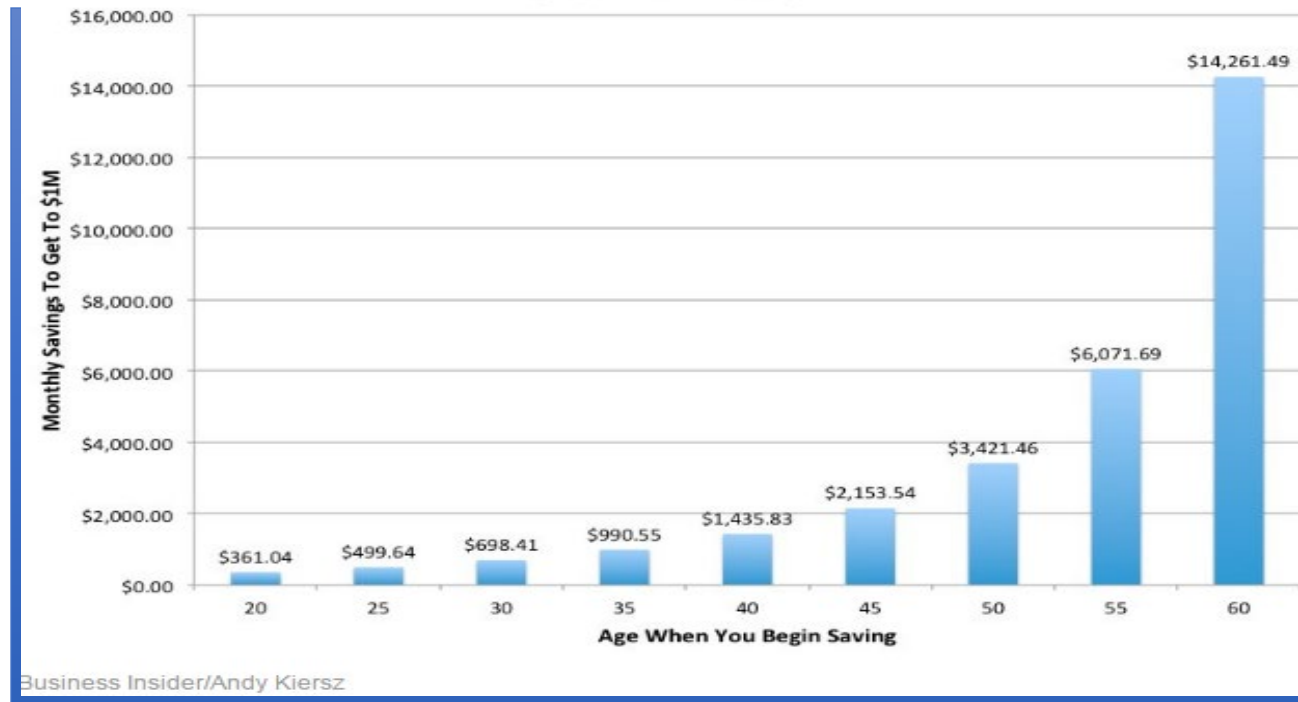
At 65 years old:

- Emily has \$419,881
- David has \$215,735
- Emily has \$204,146 more than David but only saved \$24,000 more.

Lesson: It is important to start saving early to take advantage of compounding interest

Power of Compounding Interest

How much you need to save every month to have \$1M at retirement



Exercises

What is the difference between simple interest and compound interest?

If you put \$100 in a savings account that pays 5% interest compounded annually, how much would you have in 5 years?

True or False: You are too young to start saving

CFA Society Boston Financial Literacy Resources

[Email: finlit@cfaboston.org](mailto:finlit@cfaboston.org)

Contact US!

www.CFABoston.org

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Thank You

www.cfaboston.org



About CFA Society Boston Financial Literacy Program

Who We Are

CFA Society Boston is dedicated to putting investors first and raising ethical standards within the investment profession. We unite Boston's investment community and provide a forum for collaboration, education, and innovation. Originally called the Boston Security Analysts Society, Inc., we are a non-profit professional society founded in 1946. In 2017, we became CFA Society Boston. More than 6,000 investment professionals locally and globally are members of CFA Boston, representing over 650 investment firms. 96 percent of CFA Boston members hold the Chartered Financial Analyst designation from CFA Institute.

Our Financial Literacy Mission

This community outreach program aligns with non-profit groups to reach a wide variety of audiences, from late high school onward. Since its inception in 2014, the initiative has touched thousands of people, partnered with over 30 organizations, and currently has over 30 active volunteers. This community outreach program makes valuable financial literacy content available to the general investing public through collaboration with our alliance partners. The initiative addresses issues such as Personal Finance, Basics of Investing, Retirement, Bonds vs. Equities, Choosing a Bank, and more.

How it Works

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How to Partner with the CFA Society Boston Financial Literacy Program

What CFA Society Boston Commits To

- Provide neutral, expert presenters
- Set up and present topics
- Supply the presentation / activity
- Bring a laptop and materials
- Be experienced in presenting in-person and in a virtual setting

What Your Organization Commits To

- Provide the audience and venue, either in-person or virtual
- Promote the event onsite, local newspapers and website
- Make a projector or USB connection available
- Briefly introduce presenter(s) Complete a post offering survey

For more information on how CFA Society Boston can partner with you visit www.cfaboston.org/financialliteracy or email finlit@cfaboston.org.

