Name______________________________Period_______________________Date____________________

# Amelia and Joe: Saving for the Future

Help Amelia and Joe use their resources to achieve their goals. In groups of four, research five ways they can improve their spending habits in each category below. Answer the questions on the following page.

| | |
|---|---|
| Spending | Savings |
| Borrowing | Investing |
| Protecting Against Financial Crises |  |

Name______________________________Period_______________________Date____________________

1. How will the financial plan help Amelia and Joe with their day-to-day finances?

2. How will the financial plan help Amelia and Joe achieve their short-term and long-term goals?

3. How will the financial plan help Amelia and Joe in their personal relationship?

4. What might have happened had they proceeded without any kind of financial plan?

> The Rule of 72 is a great way to estimate how your investment will grow over time. If you know the interest rate, the Rule of 72 can tell you approximately how many years will it take for your investment to double in value. Simply divide the number 72 by your investment's expected rate of return (interest rate). Assuming an expected rate of return of 9%, your investment will double in value about every 8 years (72 divided by 9 equals 8).

Joe has decided to stop eating pizza for lunch everyday. It is a quick lunch and is not that expensive. He has decided to start packing his lunch to save money.  Using the Rule of 72, figure out how much Joe will save by brown bagging it every day!

5. If a slice of plain pizza costs $2.00, and Joe buys a slice every day for a year, how much will he spend?

6. If he gives up pizza and saves that amount for the year, then invest it, earning 6% interest, after twelve years, how much will Joe have?

7. How much will he have after 36 years?