

Brought to You by Your Credit Union

# THE MAGIC OF SAVING REVEALED!

**The Trick:** What's the best way to make your savings grow?

**The Secret:** Let compound interest work for you.

You work hard for your money. Why not make your money work for you? Compare these three ways of managing your money:

## **Daily saving = \$3,650**

Save a dollar a day in a jar. Abracadabra! After 10 years you'll have \$3,650. Simply saving your money—just not spending it—adds up!

But your money isn't working for you yet—and it's neither safe nor protected by insurance.

## **Weekly saving = \$4,071**

Once a week, put \$7 in your credit union savings account. This is called a periodic investment.

Assume the interest rate stays fixed at 2.2% APY.\* After 10 years you'll have \$3,650, plus \$421 in interest, totaling \$4,071. Your money is growing, like magic!

Examples



## One-time savings = \$4,548

Remember that \$3,650 you received at your graduation party? (How could you forget?) Put it in a credit union savings account. This is called a lump-sum investment. (Again, the interest rate remains at 2.2% APY.)

After 10 years, you'll have \$3,650 plus \$898 in interest, totaling \$4,548.

## Mystery solved

What causes such a difference in earnings? It's not an illusion—it's the magic of compound interest.

When you leave your money in your account, you earn interest on the interest as well as on the original amount.

In the example, the earnings from weekly investments are about half the earnings from one-time savings. That's because:

- The weekly \$7 investments earn interest on small amounts that slowly get larger.
- The \$3,650 lump-sum investment earns interest on a large amount right from the start.

Of course you'll combine both kinds of investments. The trick? Start today!

*\* An interest rate of 2.2% APY compounded weekly is used here only as an example.*



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