



UNITED TRIBES  
TECHNICAL COLLEGE  
LAND GRANT EXTENSION

# UTTC LAND GRANT EXTENSION

## UTTC Lifeskills Lessons – Money Matter\$

### Lesson 4: Pay Yourself First – Savings

LS0004

#### FACT\$

- Traditionally, Native American people saved for the future – all resources for life (seeds, dried food, skins, etc.)
- Saving money is one of those tasks that’s so much easier said than done – everyone knows it’s smart to save money in the long run, but many of us still have difficulty doing it.
- Smart money-savers need to consider how to spend the money they do have and maximize their income.
- Small changes, over-time, can make a big difference. If you are not ready to make dramatic changes, start with baby steps, decide what percent you will pay yourself each time you earn or receive money.



Shop for produce at local Farmers Markets. It is fresh, and often costs less than produce sold at the grocery store. It’s fun to walk around the market and visit with the growers – they say we should get to know who grows our food! Saving seeds and preserving food from Mother Earth was the traditional way of “paying yourself first” in savings.

#### Pay Yourself First

- Pay yourself first. The easiest way to save money rather than spending it is to make sure that that you never get a chance to spend the money in the first place.
- Start saving as early as possible. Money that’s squirreled away in savings accounts usually accumulates interest at a set percentage rate, making your money grow.
- Set a percent that you will pay yourself (i.e. 3%, 5%, or 10% of all money you receive or earn). Deduct that amount immediately and put it in a piggy bank or a savings account at the bank.
- Remove luxuries from your budget. If you’re having trouble saving money, it’s wise to start here i.e. going out to eat, shopping without a list or plan,
- Next, pay off your debt. Left unchecked, debt can seriously derail your efforts to save money.
- Don’t get discouraged. When you’re having trouble saving money, it’s easy to lose your nerve. When you’re back on track, just start saving again. The cents you save adds up to dollars.



#### When you don't, there's a high cost of waiting. \$100 Monthly Savings @ 9% for 40 Years (Age 27-67)

	27	\$471,640	
Wait 1 year (\$1,200)	28	\$430,040	(-\$41,600)
Wait 5 years (\$6,000)	32	\$296,380	(-\$175,260)
Wait 15 years (\$18,000)	42	\$112,950	(-\$358,690)

## Wise Fox Words of Wisdom

1. Savings should be consistent - After a long week of working, you may want to indulge in some luxury, telling yourself, "I deserve this". Remember that the things you buy are not gifts to yourself; they are trades, products for money. Say, "Of course I deserve this, but can I afford it? If I can't afford it, I'm still a worthy person, and I still deserve to meet my savings goals!"
2. Unless you're truly in desperate financial straits (like 10 seconds from eviction and your three children are starving) don't try to cut corners connected to health. Basic preventative health care for yourself and your family is important and saves money in the long-run.
3. Do not go out "window shopping" with any money on you. You will only be tempted to spend money you cannot afford to lose.
4. If you have spendthrifts in your circle of friends, you may need to formulate a list of ready excuses to explain why you can't go out with them all of the time. Follow your plan.



## RESOURCES

- Building Native Communities... Financial Skills for Families
- UTTC Extension – 221- 1399



*Make a decision as to how much you will save after examining the pros and cons of spending and saving. Determine which money allocation choice offers the most life enhancement for you or others who are important to you. We all have different life circumstances and pursue our own life goals. Use it now or use it later – the decision is yours!*

## Tips for Helping Kids and Teens Save Money

1. Start them early – even pre-school age. Too many kids spend all their money as soon as they get it. Only 20% of kids save money and do it consistently every month.
2. Make learning about money fun and a routine.
3. Talk about how you save money and what to plan to do with your savings.
4. Get your child a savings bank and a spending bank.
5. Make savings goals short and easy to reach. After reaching a goal, consider non-money rewards.
6. Talk about advertising and how kids are being targeted to spend money.
7. By high school, a lot of teenagers have discovered more things they want to buy, which makes it hard for them to save. Positive feedback regarding prioritizing helps them make sound financial decisions.
8. When your teenager wants something they can't afford, create small jobs around your home that you might pay them to do (or help your teen find neighbors and family members who might have some jobs).



**SAVE**



**DEPOSIT**



**WALLET**



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## INVESTING IN YOUR KID'S SKILLS AND BRAINS PAYS THE BIGGEST DIVIDENDS

Most parents mentally prepare their children for college by ensuring they remain in school and abreast of course material. But getting into college nowadays is quite expensive and sometimes good high school grades aren't enough to cover your children's college tuition. Learning **how to save for children's college tuition** and when to start saving is important to fulfilling every parent's dream.

Today's college tuition costs are often very expensive. You can add an additional \$50,000 to the tuition cost and even more depending on the masters or doctorate degree option, which is another two or maybe four years of college.

In these days of increased college tuition, learning **how to save for children's college tuition** a head of time and in some cases as early as immediately following your child's birth is very important, if you plan to cover the entire cost. While there are scholarships and federal grants available to help alleviate the cost of college these sources only cover around 2% of the total cost of a college education.

That is unless your child gets a full four year scholarship to college for sports or academics and even in this case, only 90% to 95% of college tuition is totally covered by a scholarship. Just imagine the cost of college in the next 4 or 8 years. According to educational economists the cost of college tuition could increase by \$10,000 to \$15,000 from the present average college tuition cost in the next 20 years.

Looking at the future of your child's college education implies that practicing **how to save for your child's college tuition** now will help more children receive a college education and professional degree.

### **Start Early**

The first and most important step to **saving for a child's college tuition** is

starting early. The earlier you start the more you can save over an 18 year period of time.

For example, if you put away a college savings of \$100 a month for 18 years, your child will have \$21,600 to go towards college tuition compared to the \$12,000 dollars that would be saved over a 10 year period at the same monthly amount.

It doesn't take a rocket scientist to figure out this simple mathematical equation that this is still not enough to cover college. Granted it's a head start and there are cool ways to make that college savings double or even triple over a shorter period of time.

### **Save for College Tuition Costs**

Many parents are learning that 401K's, CD's or IRA's are not just for retirement savings, but that these types of savings accounts are ideal **ways to save for children's college tuition**. Invested savings are accounts that have a rapid growth rate. This can increase the college tuition savings by additional 10% to 15% a year depending on the annual growth percentage and amount invested into the saving accounts.

Aside from the different applications of a retirement savings plan, parents are also realizing one of the best **ways to save for children's college tuition** is to have a basic understanding of the stock market and willing to invest a percentage of the college tuition savings. The Bank of North Dakota [www.collegesave4u.com](http://www.collegesave4u.com) is a wonderful place to start for advice.

The first place to begin is establishing a college tuition goal and then focus on how much monthly income can be applied.

If assistance is needed to **set up a child's college saving account** or other savings methods, contact a CFP or Certified Financial Planner to sort it all out with you.



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## *UTTC Lifeskills Lessons – Money Matter\$*

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## BANKING SYSTEMS – WHAT AND WHY

#### OBJECTIVES:

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1. To stress the importance of saving a percent of all money received or earned.
2. To discuss systems needed to reduce or eliminate debt and how to prioritize spending that will not interfere with savings.
3. To hear practical tips on personal saving plans and interest rates.
4. To share the idea that parents should teach children and teens that saving money as standard practice.

#### PROCEDURE:

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1. Write the objectives on the board.
2. Distribute the lesson 4 talking sheet.
3. Ask for a volunteer to open session with a prayer, announce the session will open with a minute of silence or verbalize a short (2-3 sentence) prayer to ask the creator for the wisdom to plan for the future.
4. Facilitate discussion while reading the guidance and tips offered on the talking sheet.
5. View the audio video or have a speaker from a bank or extension come to the session to support the talking sheet tips and ensure interest rates are discussed.
6. Provide, at a minimum, about 10 minutes specifically devoted to stressing the importance of saving for children and teens.

#### RESOURCES FOR INSTRUCTION SUPPORT:

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1. Bank of North Dakota (college saving) [www.collegesave4u.com](http://www.collegesave4u.com)
2. UTTC Extension staff – 221-1399 – UTTC Extension Resources - Saving for College
3. Video - saving on low income - [www.youtube.com/watch?v=H\\_NzgS-qXJc](http://www.youtube.com/watch?v=H_NzgS-qXJc) (4.5 min.)
4. Video - interest definition - [www.youtube.com/watch?v=HA&voAVn1jk](http://www.youtube.com/watch?v=HA&voAVn1jk) (4 minutes)

#### TIME:

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50 minutes



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EVALUATION

*On a scale of 1 to 5, with 1 being least confident and 5 being most confident, please circle one per question.*

*Not Confident*

*Very Confident*

Please rate how confident you are in opening a savings account.

1                      2                      3                      4                      5

Please rate how confident you are in organizing your budget to ensure your saving plan does not get interrupted.

1                      2                      3                      4                      5

Please rate how confident you are in understanding interest rates.

1                      2                      3                      4                      5

Please rate how confident you are in telling the story of how important saving is to a young child or teenager.

1                      2                      3                      4                      5

*New things I learned or understand better because of the lesson*

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*Comments*

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