Why Should **You Save And Invest?**

SAVING VS. INVESTING

What is the difference?

Saving...

Is a short-term commitment to meet unexpected shortfalls.

> Helps meet short-term goals

Yields lower reti with lower risk

Investing...

Is a long-term commitment to put money away and let it grow.

Helps meet long-term goals

May yield higher

return with higher risk

Reasons for Saving

- Achieve personal and financial goals
- Build an emergency fund
- Keep funds secure while increasing them

Reasons for Investing

- Plan for long-term goals such as retirement
- See value increase over time
- Take more risk for possibly more return on investment

Watch it grow

Rule of 72 Estimates the length of time (in years) for funds to double with compound interest.

72/interest rate = number of years to double

COMPOUND INTEREST

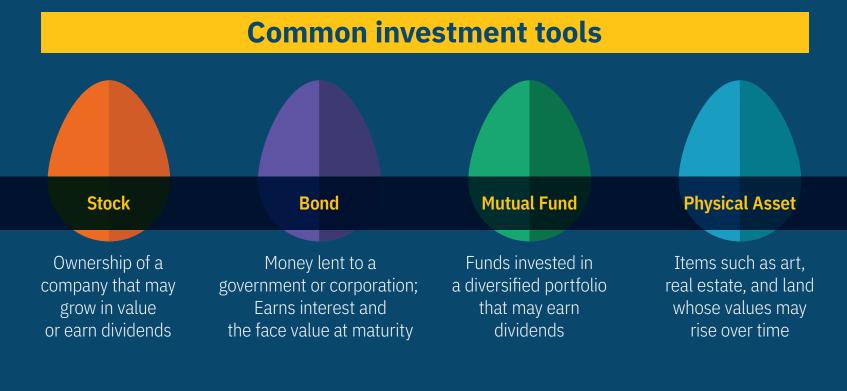
Deposit \$5,000 today at 2% interest rate: 72/2 = 36 (36 years for \$5,000 to double to \$10,000)

Deposit \$5,000 today at 8% interest rate: 72/8 = 9

(9 years for \$5,000 to double to \$10,000)

Common saving tools

Savings Account	Money Market Account	Certificate of Deposit	Savings Bond
Often used for emergency fund and other short-term savings goals	Higher minimum deposit and gets a higher return than savings accounts	Deposits locked in for specified time, earns interest, and has penalties for early withdrawal	Has low risk and growth, is government issued and backed



Diversification



Reduce risk by allocating funds among a wide variety of investments and savings tools.

In other words: Don't put all of your eggs in one basket.

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