

Watch Your Money Grow

Do you know your regular allowance, gift money, or money you earn for jobs you do can make more money? When you put your money in a credit union savings account, it's called investing. The credit union then *pays you* for letting it use your money to give loans to other people.

How does your money grow in a savings account?

The first time you invest, you will be paid a dividend on just the amount you put in your account. *Dividend* and *Interest* are the same thing — earnings you receive by allowing others to use your money.

The next time your account pays a dividend, you'll be paid on the money you put in your account, plus on the money you've already earned in interest. That's called compound interest.

The higher the dividend rate, the more money it earns. Would you like to see how quickly your money grows?

Say you decide to deposit \$5 every week into your savings account. The interest rate for your credit union savings account is .50 percent. Here's a calculator to help you figure this out:

<http://www.themint.org/kids/compounding-calculator.html>

$\$5 \times 52 \text{ weeks} = \260 — In 3 years, you'll have \$787.83!

If you increase your weekly deposits to \$7, \$1 a day, you'll earn even more money!

$\$7 \times 52 \text{ weeks} = \364 — In 3 years, you'll have \$1,102.96!

You see, if you promise yourself to put a bit of money into your savings account every week (and don't take it out!), you'll watch it grow so fast you'll soon have enough to pay for something really special, like a trip or a bike!

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