



PROSPERITY & WEALTH
PRESENTS:

UNDERSTANDING
FINANCIAL LITERACY

UNDERSTANDING FINANCIAL LITERACY

Essential Money Management Skills

Financial literacy includes learning budgeting, saving, and investing to manage money effectively for a secure future.

Informed Financial Decisions

The course empowers individuals to make smart financial choices and avoid pitfalls like accumulating unnecessary debt.

Planning for the Future

Topics like credit scores, banking, and goal setting are covered to help participants prepare for long-term financial success.

MODULE 3: SAVING FOR THE FUTURE

BUILDING YOUR FINANCIAL FOUNDATION

QUESTIONS

- How often do you get coffee, breakfast, or lunch during the week?
- How much do you think you spend a week on those things?

These answers are important because most people will say, "I don't have any extra money to save."

But by looking at the expenses that you don't really pay attention to or account for, you can find money to save.

THE IMPORTANCE OF SAVING

1. Emergency Fund

Life is unpredictable — car repairs, medical bills, or job loss can occur at any time.

Savings act as a safety net so you don't have to rely on credit cards or loans in a crisis.

3. Reduces Stress & Anxiety

- Knowing you have savings in the bank helps you **sleep better at night.**

Financial stress is one of the leading causes of anxiety — saving helps protect your mental health.

Week #	Amount to Deposit	Balance	Week #	Amount to Deposit	Balance	Week #	Amount to Deposit	Balance
1	\$1	\$1	18	\$18	\$171	36	\$36	\$666
2	\$2	\$3	19	\$19	\$190	37	\$37	\$703
3	\$3	\$6	20	\$20	\$210	38	\$38	\$741
4	\$4	\$10	21	\$21	\$231	39	\$39	\$780
5	\$5	\$15	22	\$22	\$253	40	\$40	\$820
6	\$6	\$21	23	\$23	\$276	41	\$41	\$861
7	\$7	\$28	24	\$24	\$300	42	\$42	\$903
8	\$8	\$36	25	\$25	\$325	43	\$43	\$946
9	\$9	\$45	26	\$26	\$351	44	\$44	\$990
10	\$10	\$55	27	\$27	\$378	45	\$45	\$1,035
11	\$11	\$66	28	\$28	\$406	46	\$46	\$1,081
12	\$12	\$78	29	\$29	\$435	47	\$47	\$1,128
13	\$13	\$91	30	\$30	\$465	48	\$48	\$1,176
14	\$14	\$105	31	\$31	\$496	49	\$49	\$1,225
15	\$15	\$120	32	\$32	\$528	50	\$50	\$1,275
16	\$16	\$136	33	\$33	\$561	51	\$51	\$1,326
17	\$17	\$153	34	\$34	\$595	52	\$52	\$1,378

2. Achieving Personal Goals

- Want to buy a home, travel, go back to school, or start a family?

Savings help turn those dreams into plans. Goals become real when you have the funds to back them.

4. Avoids Debt

- Without savings, unexpected costs often lead to **credit card debt or payday loans**, which can spiral fast.

With savings, you can pay upfront — interest-free.

HOW MUCH TO SAVE?

Specific Goals - Emergency Fund

- Aim for 3–6 months of living expenses in an emergency fund. This fund should be used only in emergencies such as job loss or extreme circumstances.



Specific Goals - Vacation

- Aim to save for all expenses in the various categories (Flight/rental car, food, entertainment, hotel/rental house expenses)

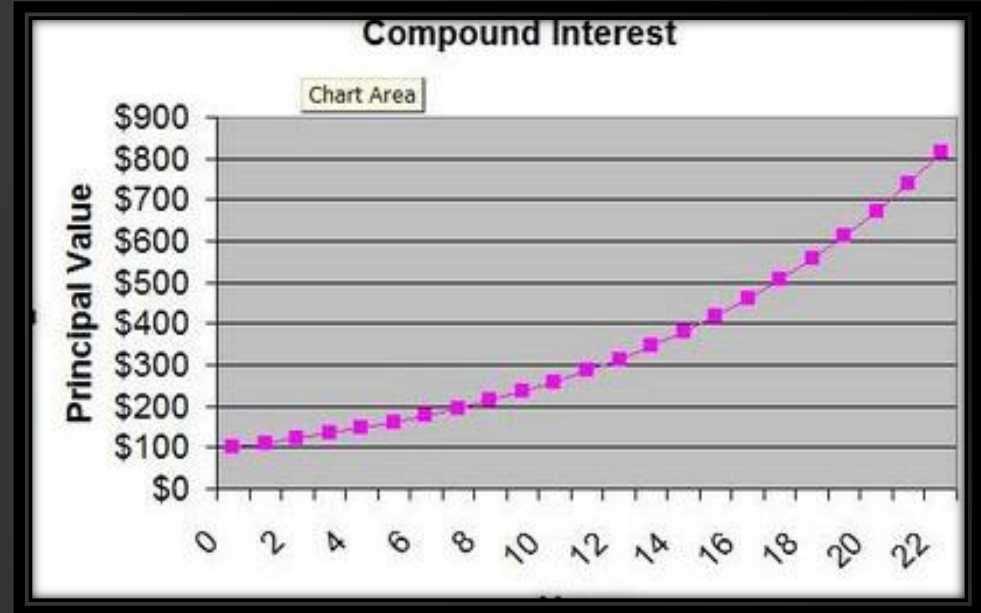
Specific Goals – Home Down Payment

- Aim to save 20% of the home's purchase (helps avoid PMI (Private Mortgage Insurance)

Other Costs Besides the Down Payment):

- Closing Costs: 2%–5% of home price
 - Moving Expenses
- Home Inspections/Appraisals
- Emergency Repairs Fund

Years	Principal Amount	Rate of Interest	Interest	Compound Amount
1	\$100.00	5%	$\$100.00 \times 0.05$ = \$5.00	$\$100.00 + \5.00 = \$105.00
2	\$105.00	5%	$\$105.00 \times 0.05$ = \$5.25	$\$105.00 + \5.25 = \$110.25
3	\$110.25	5%	$\$110.25 \times 0.05$ = \$5.51	$\$110.25 + \5.51 = \$115.76
4	\$115.76	5%	$\$115.76 \times 0.05$ = \$5.79	$\$115.76 + \5.79 = \$121.55
5	\$121.55	5%	$\$121.55 \times 0.05$ = \$6.08	$\$121.55 + \6.08 = \$127.63





SAVINGS ACCOUNT TYPES COMPARISON

Account Type	Interest Rate / APY	Access to Funds	Minimum Balance / Fees	Best For	Drawbacks
Traditional (Regular) Savings	Low (often near base bank rates)	High access — withdrawals/transfers fairly easy	Usually low minimums; possible monthly fees unless balance minimum met	Emergency fund; basic savings for near-term goals	Low growth; inflation can outpace interest; fees can eat gains
High-Yield Savings (often online)	Much higher APYs compared to traditional savings	Still good access (electronic transfers, etc.), though sometimes slower or fewer physical branches	May require higher minimum balances; possibly no physical branch access; check for fees	Medium-term savings goals, emergency fund; anyone wanting better returns without locking in money	Variable interest; online only can be less convenient for cash deposits; rate may go down
Money Market Account (MMA)	Mid-to-high, sometimes similar to high-yield savings, often slightly less volatile	Generally good access, sometimes with check writing / debit card; but often limited withdrawals per month (e.g., 6)	Usually higher minimum balances; fees if you don't maintain minimum; possibly higher fee structure	For people who want better interest but still want some liquidity; larger balances; people who want check/debit options from their savings	Minimum balance can be restrictive; fees; interest still variable; withdrawal limits can apply



SAVINGS ACCOUNT TYPES COMPARISON

Account Type	Interest Rate / APY	Access to Funds	Minimum Balance / Fees	Best For	Drawbacks
Certificate of Deposit (CD) / Fixed Term Savings	Fixed high rate, often highest among simple saving options, especially for longer terms	Low access — funds are locked in until maturity; early withdrawal penalties apply	Some require minimum deposit; fees/penalties if you withdraw early; fixed term means you can't access funds without cost until due date	When you know you won't need the money during the term; saving for a medium-term goal and want guaranteed return; want to "lock in" rate for a while	Lack of flexibility; if interest rates rise, you're stuck at lower rate; penalties reduce net benefit if you need cash early
Specialty / Goal-Based / Tax-Advantaged Accounts (e.g., education savings, health savings, etc.)	Varies — may have standard or better rates; often the "return" includes tax savings or other benefits	Access rules may restrict what the funds can be used for or when; some penalty or tax if misused	May require proof of usage, have contribution limits, or special rules; may have fees	For targeted goals such as health expenses, education, qualifying long-term goals where tax savings matter	More complexity; less flexibility; misuse can lead to penalties; limitations on



RETIREMENT SAVINGS ACCOUNTS & TAX BENEFITS

Account Type	Tax on Contributions	Tax on Growth	Tax on Withdrawals	Other Tax Benefits
Traditional 401(k)	Pre-tax (lowers taxable income now)	Tax-deferred	Taxed as regular income	Employer contributions not taxed
Roth 401(k)	After-tax	Tax-free	Tax-free (if qualified)	Tax-free in retirement
Traditional IRA	Possibly tax-deductible (depends on income)	Tax-deferred	Taxed as income	Reduces current taxable income (if deductible)
Roth IRA	After-tax	Tax-free	Tax-free (if qualified)	No RMDs; tax-free retirement income
SEP IRA	Pre-tax	Tax-deferred	Taxed at withdrawal	Higher limits for self-employed
SIMPLE IRA	Pre-tax	Tax-deferred	Taxed at withdrawal	Easy setup for small businesses
Solo 401(k)	Pre-tax or Roth	Tax-deferred or tax-free	Taxed or tax-free depending on type	Combines high limits + flexibility
TSP (Thrift Savings Plan)	Pre-tax or Roth	Depends on choice	Depends on choice	Ultra-low fees for federal workers

MODULE SUMMARY

Topics Covered:

- ✓ The importance of Saving
- ✓ How much should you save?
- ✓ Types of Savings Accounts
- ✓ Retirement Savings

❖ **Key Takeaways:** Saving is the foundation of financial stability. Always prioritize an emergency fund and retirement savings.

Get in Touch!

Have questions about the strategies in this presentation, or want to share your success story? I'd love to hear from you.

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