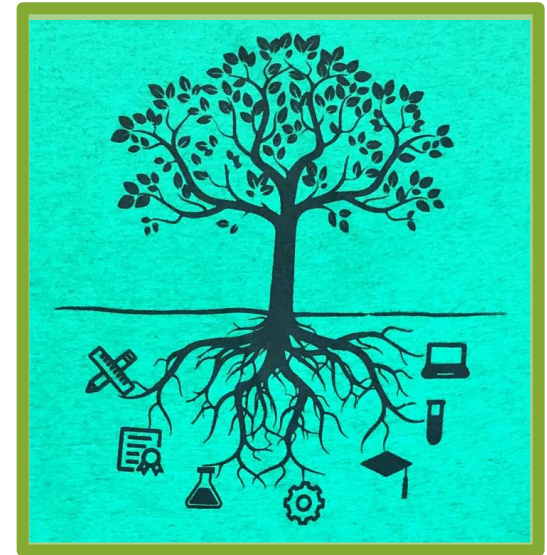


Financial Literacy

10th- How to really be a Millionaire

Brought to you by the Severna Park High School
Business Advisory Board www.sphsbab.org



Money grows on skills, not trees.

*It's not how much money you make;
it's what you **keep, and how hard it works** for you.*

-Robert Kiyosaki, Rich Dad Poor Dad

Myths and Facts about Millionaires

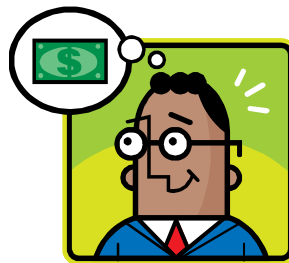


YOUR TURN!

*Please respond to the
game sheet statements
with “True” or “False.”*

Objectives for today

- Understand the importance of *Financial Literacy*.
- **Examine myths and facts about millionaires.**
- Evaluate **choices you can make now** for a successful financial future.



“Financial Literacy” means we:

- Effectively **manage money**
- Continuously acquire financial knowledge and skills to **make informed decisions**
- Fulfill personal, family, societal, and governmental **responsibilities**

*It's not how much money you make;
it's what you **keep, and how hard it works** for you.
-Robert Kiyosaki, Rich Dad Poor Dad*



Picture yourself at age 40.

By that time, you may have already
SPENT more than **\$1 MILLION**.



***Click to see
HOW!***

See how easy it is to spend \$1M in Maryland in just **24 YEARS!**

Consider these “true cost” expenses.



\$51,583

is the **total amount** paid on the **typical student loan** of \$30,000 over 20 years. (Is that smart??)



\$569,234

is the **total cost** to own an **average Maryland house** for 24 years valued at \$295,000 at purchase.



\$29,334

is the total **“true cost”** to own for **5 years**

a **basic 2018 Toyota Corolla** originally bought in cash at \$19,786. In 24 years, you'll likely replace this first car twice, so count on at least **\$29,334 X 3** spent in that time.



\$7,729

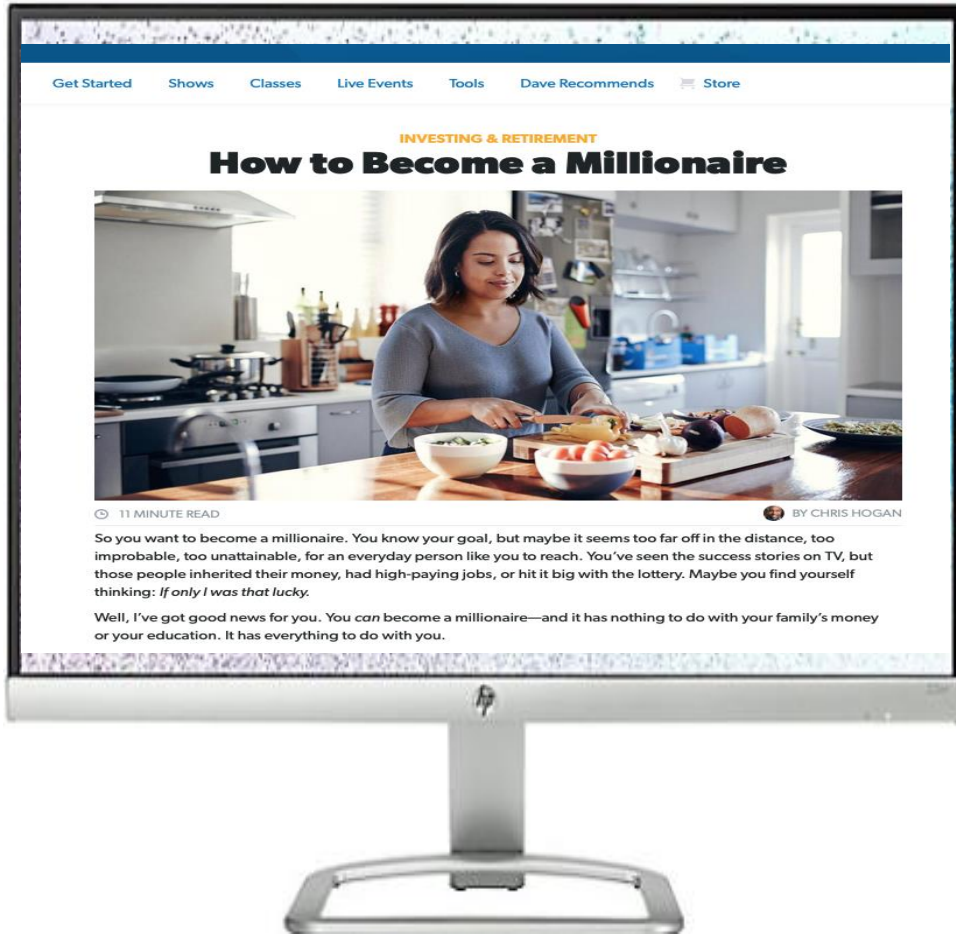
for **food a year.** Half of that is spent eating out!



\$1,246

for an **annual vacation.** ⁶

Spending a million doesn't make you a millionaire. What's the definition of a millionaire?



It's when your **net worth** is
at least \$1,000,000.

What's net worth?

What you OWN
— What you OWE

NET WORTH

Smart Millionaire?

NO!

Let's go over the game to see what's smart!



Name	From # Mill.	Lost
Joe Smith Pro Basketball Went to UMD.	61	95%

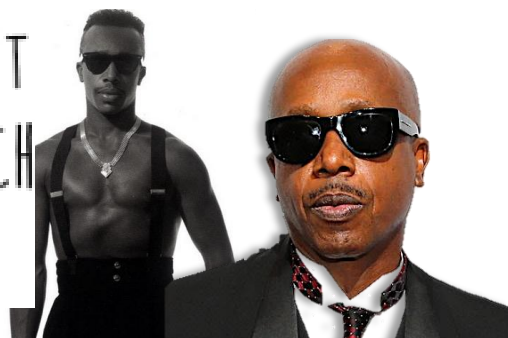


Name	From # Mill.	Lost
Curt Schilling Pro Baseball	50	98%



Name	From # Mill.	Lost
Nic Cage Actor	150	95%

CAN'T TOUCH THIS



Name	From # Mill.	Lost
MC Hammer Rap artist	33	97%

Left pic for each: Time period he hit it really big. Second pic: Years later.

How to Really Be a Millionaire

A. More than half of all millionaires inherited money.

False

THE MAJORITY OF
MILLIONAIRES IN
THE UNITED STATES
**DID NOT
RECEIVE ANY
INHERITANCE**



Source: daveramsey.com
National Study of Millionaires

In fact, the majority of millionaires didn't even grow up around a lot of money. According to the survey, eight out of 10 millionaires come from families at or below middle-income level. Only 2% of millionaires surveyed said they came from an upper-income family.

How to Really Be a Millionaire

B. Most millionaires drive expensive new cars.

False

61% drive Hondas, Toyotas, and Fords.

80% buy their cars without a loan.

Did you know?

A new car loses its value immediately, right when you drive it away from the car dealer!

Lesson:

Avoid the common practice of taking out a loan to buy an expensive new car when starting your career.

SAVE UP and buy what you can afford *with cash!*

Used cars can be the smartest deal!

THE NEW CAR SMELL GOES AWAY



How to Really Be a Millionaire

C. Most millionaires work in glamorous jobs, such as sports, entertainment, or high tech.

False

Most millionaires work in ordinary industries and jobs.



ENGINEER



ACCOUNTANT
(CPA)



TEACHER



MANAGEMENT



ATTORNEY



Only 31% averaged \$100,000 a year over the course of their career, and one-third never made six figures in any single working year of their career.

How to Really Be a Millionaire

D. Most millionaires attended private **high schools** and/or private **colleges**.

False

Most millionaires attended public schools, from elementary up through college. **Some have graduated from trade schools.**

ALMOST TWO-THIRDS
OF MILLIONAIRES
GRADUATED COLLEGE

**FROM PUBLIC
UNIVERSITIES
OR STATE
SCHOOLS**

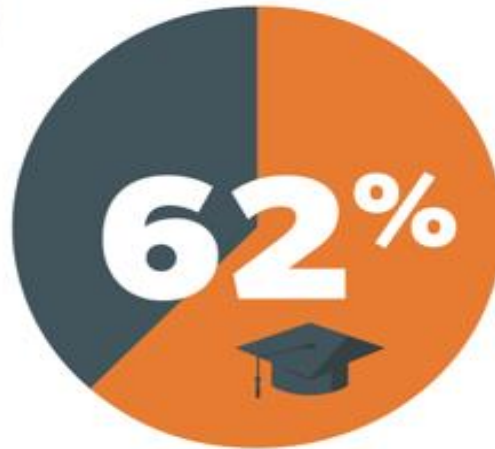


Photo Credit: Getty GETTY

Sources: daveramsey.com
National Study of Millionaires
Forbes 08/18 msn.com/money

How to Really Be a Millionaire

E. Most millionaires are college graduates.

True

88% of millionaires graduated from college.



Source: daveramsey.com
National Study of Millionaires

How to Really Be a Millionaire

F. A college graduate's lifetime earnings is almost \$1 million MORE than those of a high school graduate.

True

On average, a college grad will *earn* roughly \$900,000 **more** than the typical high school graduate over the course of their career.



Earning it doesn't mean KEEPING IT.

Typical college grads have much more debt for longer than trade school grads.

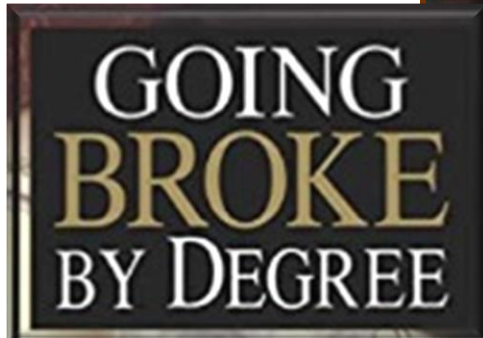
No matter your path, keep debt low and learn from smart millionaires!

How to Really Be a Millionaire

G. *Any* college degree will lead to a lifetime of excellent earnings and a satisfying career.

False.

Certain fields have low demand for jobs, so related college majors are more likely to result in low starting and mid-career salaries, making it difficult to pay back any student loans.



GOING
BROKE
BY DEGREE



Let's look at a
few majors

Source: Kiplinger.com
15 worst college majors

How to Really Be a Millionaire

These majors tend to lead to higher lifetime earnings.



The top-paying college majors earn \$3.4 million more than the lowest-paying majors over a lifetime.



STEM (science, technology, engineering, and mathematics), health, and business majors are the highest paying, leading to average annual wages of \$37,000 or more at the entry level and an average of \$65,000 or more annually over the course of a recipient's career.

How to Really Be a Millionaire

H. Certain skilled trade jobs pay more than jobs requiring a bachelor's degree.

True.

A trade school education can cost less and run up lower debt. Due to a talent shortage and expected ongoing job growth, trade employers are paying higher salaries.

Trade	Average annual wage
Electrician	\$56,180
Luxury car technician	\$50,000-\$100,000
Plumber	\$55,160
Aircraft mechanic	\$64,090

Courses available at AACPS

Sources: BLS, Bloomberg.com Big money, no debt



How to Really Be a Millionaire

I. Most millionaires become wealthy because they **make good investments**.

True.

What is investing?

- Putting your money into something you think will **make you MORE MONEY.**
- A plan for the **long-term**, such as 5-50 years.
- Involves **some risk of loss so do research and get highly-informed first.**

Yes, you can start now!

Start by saving! Let's see how!



Sources: National Study of Millionaires;
How to turn \$100 into \$1M from creators
of Biz Kid\$.

How to Really Be a Millionaire

J. **You can save \$47,000 by age 28** if starting at age 16:

- You skip buying ice cream from Chick-fil-A and put away the \$1.50 a day &
- You give up your daily Starbucks and put away the \$4.50 savings.

True

Because of the power of compound interest, small savings can make a difference.

Think of what you can do with \$47,000!

Lesson:

It pays to live below your means.

Find the balance between spending now and saving for the future!

What if you saved more for a longer time? Let's see!



How to Really Be a Millionaire

K. If you save \$6,000 a year from age 22 to age 65 at 8 percent interest, your **INVESTED** savings will be over \$2.1 million at age 65.

True

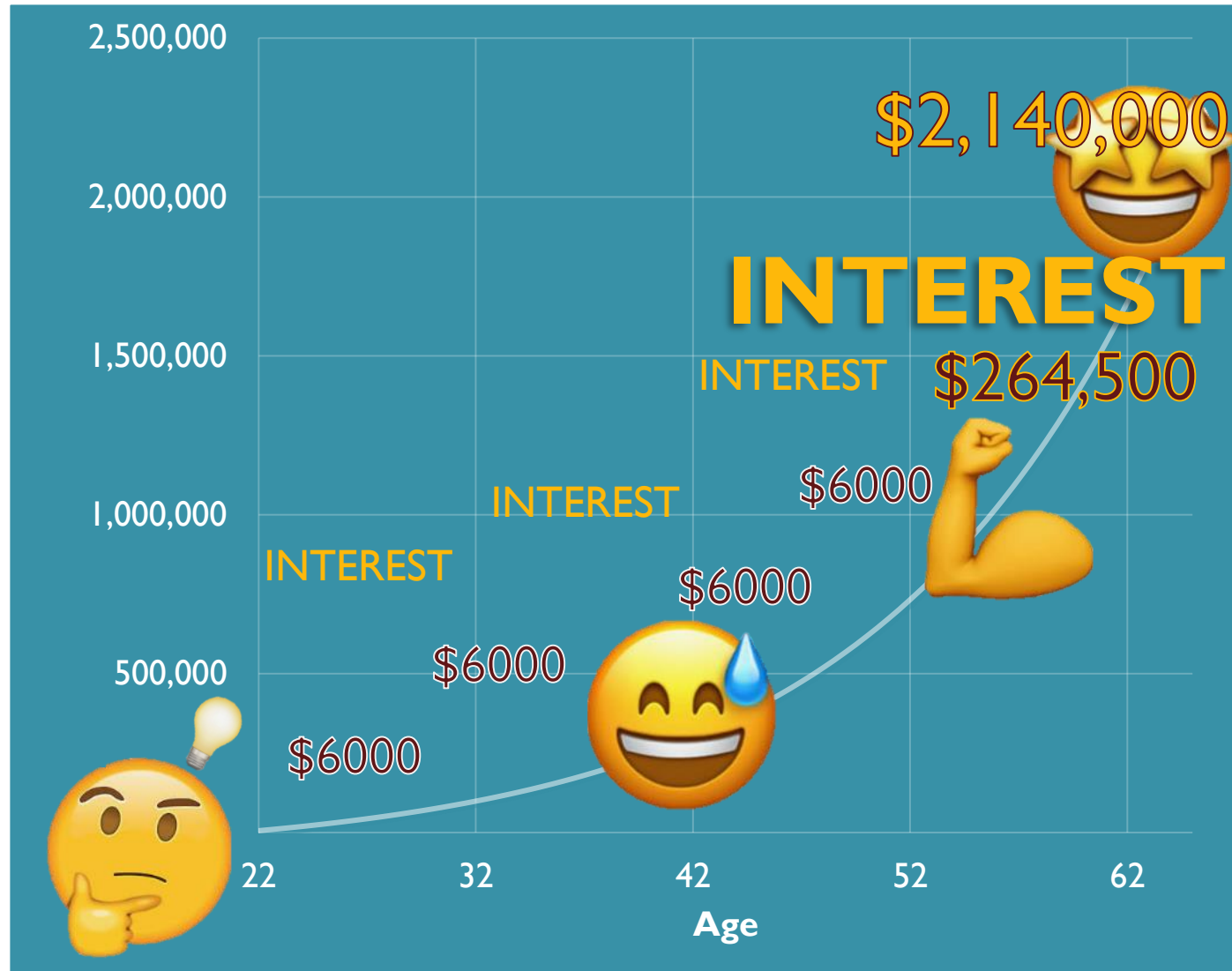
- Because of **compound interest**, the earlier you begin saving, the better.
- Your money earns money.
- Regular saving and **safe** investing can make you a millionaire even if your salary is modest.

What does **COMPOUND INTEREST LOOK LIKE** over time?
Let's see!

How to Really Be a Millionaire: Compound Interest

If you put away \$500 a month, or \$6000 every year starting at age 22, you will have saved **\$264,500** by age 65.

Because you get **interest on top of your interest on top of your continued monthly savings**, at age 65, you'll have over **\$2.1 MILLION!**



Where can I get that level of compounding? Let's see!

How to Really Be a Millionaire:

Here's where you can find a lot of COMPOUND INTEREST.

How Millionaires Invest (and Spend)

According to the survey, eight out of 10 of millionaires invested in their company's retirement plan and that simple step was a key to their financial success. Not only that, but three out of four of those surveyed invested outside of company plans.

**8 OUT OF 10
MILLIONAIRES**

INVESTED IN THEIR
COMPANY'S
RETIREMENT PLAN



How to Really Be a Millionaire

L. Most millionaires work fewer than 40 hours a week.

False

80% go to work each day and keep generating the income to save and build up their wealth.



Sources:
THE MILLIONAIRE NEXT DOOR Thomas Stanley
and daveramsey.com 7 myths about millionaires

How to Really Be a Millionaire

M. Most millionaires work for very large public companies.



False

- Ninety-three percent (93%) of millionaires said they got their wealth because they worked hard, not because they had big salaries.
- Almost 20% are self-employed.
- 62% have an annual salary of less than \$100,000.

Source: daveramsey.com
National Study of Millionaires

How to Really Be a Millionaire

N. Many people become millionaires by winning the lottery.



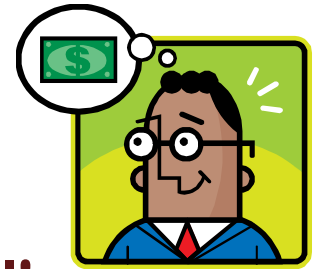
False

The odds of winning Powerball is 1 in 292 million.

Source:
Cnbc lottery: havard prof talks odds

What can I do now to become *more* financially literate?

- 1. Learn **to EARN**. Get educated to be employable.
- 2. Learn **money management skills**. Read all you can.
- 3. **Live below your means. Pay your expenses in full!**
- 4. **Save early** and often. Pay yourself and your future **first!**
- 5. Gather information before making decisions and ask questions.
 - **Wait at least one night** before making major purchase.
- 6. Learn more about **financial success stories**.



What can I do now to become *more* financially literate?

For more information go to:

- www.360financialliteracy.org
- www.daveramsey.com/blog
- www.mymoney.gov
- Book: *How to turn \$100 to \$1,000,000* Mckenna, Glista, and Fontaine
- This information brought to you by the Severna Park High School Business Advisory Board
www.sphsbab.org

