

## Financial Tips for Students

Here are some key concepts you should know when beginning on a path to saving and investing.

- You are responsible for managing your own wealth. Start early, save often.
- Pay yourself first.
- You are never too young to protect yourself against fraud.

### **You are responsible for managing your own wealth. Start early, save often.**

Time can be the most important factor that determines how much your money will grow. If you saved \$5 a week at 8% interest, starting from the time you were 18 years old, you'd have \$134,000 saved by the time you're 65 years old. But if you wait until you're 40 years old to start saving, you'll have to save \$32 a week to catch up. In fact, just one year's delay – waiting until you're 19 years old to start saving \$5 a week at 8% interest – will cost you more than \$10,000 by the time you're 65.

### **Pay yourself first.**

You can do this by dividing your allowance and putting some in the bank for the long term. Once you have a job, continue putting a certain portion away in savings each time you receive a check.

### **You are never too young to protect yourself against fraud.**

Another way to reduce risk is to do your homework before you part with your money. Each state has a state securities regulator. Call your state securities regulator to check up on the background of any person or company that you're considering doing business with. You can find the contact information on the North American Securities Administrators Association (NASAA) website.

Find out as much as you can about any company before you invest in it. Companies that are publicly traded have to disclose important information to investors in a document called a "prospectus." This information is available online, free of charge, in EDGAR, an SEC database. And beware of "get rich quick" schemes. If someone offers you a very high rate of return on an investment, or pressures you to invest before you've had time to investigate, it could be a scam.

### **IMPORTANT DISCLOSURES**

The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

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