

How to Make Money Wi\$e Choices

Learn two financial concepts: Opportunity Cost and Time Value of Money

Opportunity Cost - the cost of any decision you make includes the cost of the best forgone opportunity. What you could have done with the money instead of spending it.

Time Value of Money – results from the concept of interest; a dollar in hand today can be invested in an interest-bearing account that would grow in value over time. This explains in part why the value of money is related to time.

Visit www.choosetosave.org then click on the **Calculators tab**

1. Build Wealth not Debt. Buy what you need; not what you want and save at least 10% of your income. Do not borrow money except to purchase a home or grow your business. Go to the Budget Calculators and click on *InCharge Education Foundation - Home Budget*.
2. Buy a used car and pay cash instead of borrowing to buy a new car. Go to Auto Calculators and click on *InCharge Foundation - Auto Loan*.
3. Do not buy things on the credit or keep a balance on your credit card. I have never heard anyone say “I wish I had more debt” but I have had many say “I wish I had no debt” so I didn’t have to work so much. Go to Credit Card Calculators and click on *InCharge Foundation - Credit Card Payoff and Credit Debt Management*.
4. Buy a home and have it paid for by age 50 instead of renting. Go to Home Calculators and click on *AARP – Rent v Buying a Home*. I always told my tenants *thank you* for paying off my mortgage instead of yours !!
5. Buy term insurance instead of whole life. The concept is to eventually not need insurance. Term gets more expensive as you age, but if you will invest in a Roth IRA the difference between what you will pay early on for a whole life policy versus term life then when the children are grown you should not need a life insurance policy. I do not have one. Go to Life Insurance Calculators and research *Term and Whole Life*. Then go to Retirement Calculators *Choose-to-Save Ball Park Estimate* and *InCharge Foundation Retirement Planner*.

www.practicalmoneyskills.com has great lesson plans for students, teachers, parents and consumers.

<http://rrtc.mindyourfinances.com> is an award winning, interactive program that teaches personal finance.

www.wiseupwomen.org is a program by the Women’s Bureau for Generation X Women.

www.dallasfed.org online program *Building Wealth: Beginner’s Guide to Securing Your Financial Future*

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