



The Smart Move

BY PATRICK MILLER, Dearborn Insurance, The Club's Insurance Partner

What's Your Financial IQ?

I ran across a publication the other day called *Financial Fitness for Life*. It is produced by the Council for Economic Education (CEE) and is designed for students from grades six through nine. The CEE has long known that students exposed to the "economic way of thinking" are more self-confident and capable of making smart financial decisions. They also do a better job of saving and investing, building solid careers, and acting as informed citizens. In other words, when they gain an understanding of how the "real" world works, they improve their prospects for better lives in it.

Unfortunately most folks don't get the opportunity to learn the valuable lessons the program teaches at that early age, or at any age, for that matter. Focusing on one important section of the program (saving) can help a lot of folks who now are wandering towards retirement. Most are without a clue of how they are going to get there and how they are going to fare during those golden years.

Here are a few of the questions that the program explores with regards to saving. Remember the program is targeted to kids in grades six through nine. See how you would fare if you were going to take the test by answering the questions below:

- What is a long-term savings goal?
- Why are there different kinds of savings plans?
- What about inflation?
- What is the role of banks and other financial institutions?
- How can compound interest help make people rich?
- What is the Rule of 72?
- What is a bond?
- How do bonds provide income?
- How is a U.S. Savings Bond different from other bonds?
- What are stocks?
- Which pays a better return, a stock or a bond?

- Why own bonds if stocks pay more?
- What does "buy low, sell high" mean?
- Do you buy stock directly from a company?
- Why does investing in companies matter?
- What are financial intermediaries?
- What about risk?
- How do you minimize risk?
- Should investors keep some money in "liquid" investments?

I suspect that many questions went unanswered simply because we have not been schooled in these areas.

Finally, the study concluded with the following exhortation.

These are the "Five Golden Rules for Investment" that children and every adult should know:

1. Live below your means and save the difference.

2. Start saving now and save as much as you can on a regular basis.
3. Decide to save for the long term — compound interest is effortless wealth. Remember that compound interest means earning interest on interest.
4. Investigate before you invest. Get the best deals.
5. Take risks to get better returns. Be prudent, but remember that the stock market has provided a better return than most other types of investments over the long term.

Patrick Miller represents **Dearborn Insurance**, the Club's new partner for two areas— critical illness insurance and retirement income. Currently, the Club offers three Dearborn Products: The Security Builder Plan, the Timber Ridge Critical Illness Plan and Paycheck Protection Plus. Ask your Club Counselor for details. Contact Dearborn National at (888) 443-8829.

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