



Importance of Savings

At Republic Bank of Chicago



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REPUBLIC BANK OF CHICAGO

INTRODUCTION TO SAVING MONEY



WHY SAVE MONEY?



Saving money is crucial in order to achieve goals and build wealth, be prepared for emergencies, navigate periods of reduced income or increased expenses, and most importantly, find peace of mind.

- Savings accounts
- Money Market accounts
- Certificates of Deposit (CDs)
- Retirement accounts such as 401(k) or Individual Retirement Accounts (IRAs)
- U.S. Savings Bonds
- Investments such as stocks, bonds, and mutual funds



WHERE TO SAVE MONEY?

CREATE A PLAN TO SAVE MONEY



- What are you saving for?
- What does it cost?
- How much of that cost do you need to save?
- What is your deadline?

Where to Put Your Savings?



- Home
- Friend or family
- Prepaid card
- Rotating savings and credit association (ROSCA)
- Savings account

Savings Placement

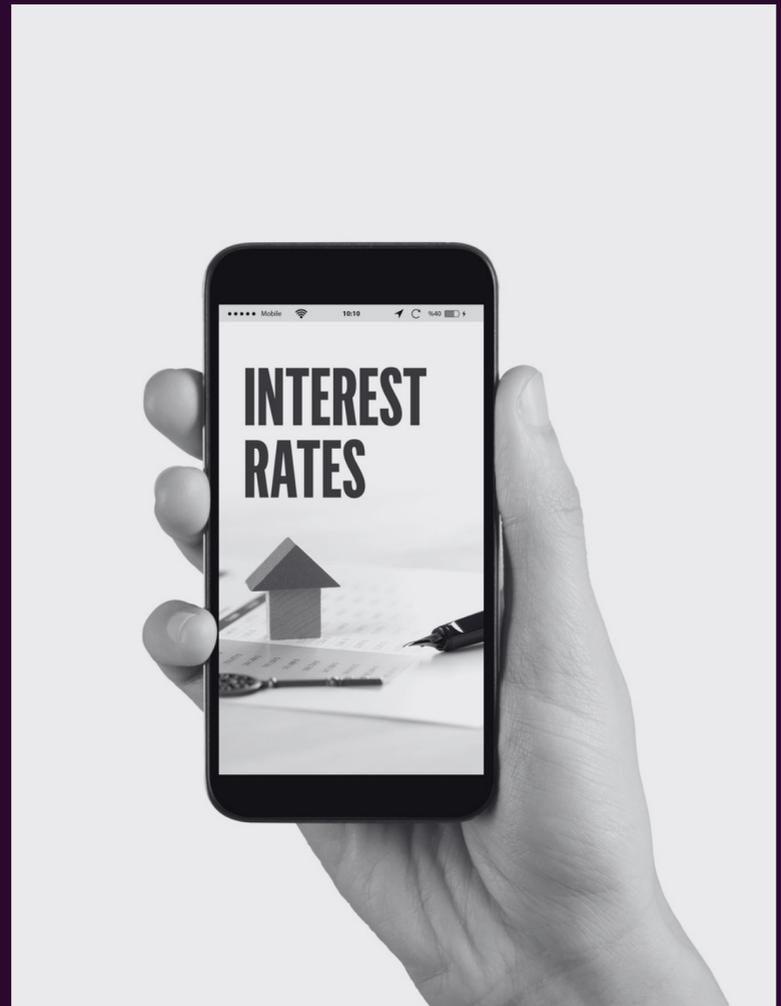
Home		Friends Or Family	
<p>Advantages</p> <ul style="list-style-type: none"> • No fees • No rules • No additional costs to maintain • Convenient • Easy-to-access 	<p>Disadvantages</p> <ul style="list-style-type: none"> • Can be lost or stolen • Can be destroyed in a fire, floods, or other disasters • Easy-to-access 	<p>Advantages</p> <ul style="list-style-type: none"> • No fees • No additional costs to maintain • May be convenient • May keep you from spending money so you can build savings 	<p>Disadvantages</p> <ul style="list-style-type: none"> • Can be lost or stolen • Can be destroyed in a fire, floods, or other disasters • May strain relationships if something happens to money

Mattress Vs. Bank Account

For Example...	5 Years	10 Years
<p>Under Your Mattress No interest, and assuming it is not stolen or lost</p>	\$1,000.00	\$1,000.00
<p>Bank Account Pays 2% interest, compounded monthly</p>	\$1,105.08	\$1,221.10

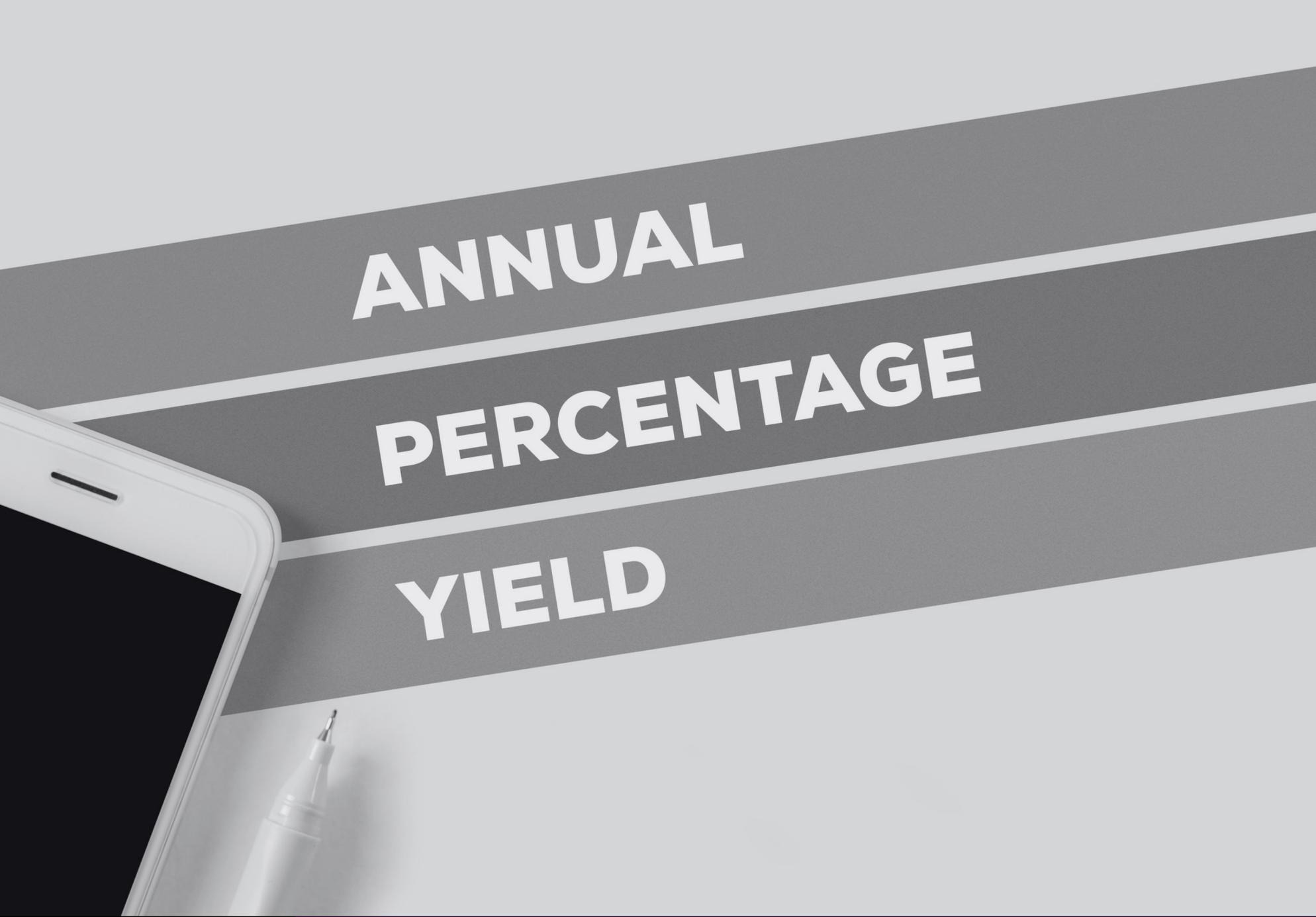
Interest and Compounding

- Interest: money financial institutions pay you for keeping money deposited with them
 - Expressed as a percentage
 - May need to pay income tax on interest
- Compounding: earning interest on the interest



Interest Combined with Regular Saving of \$5.00 Per Month

	Under Your Mattress	Bank Account
Year 1	\$60.00 (\$5 per month x 12 months)	\$60.55
Year 5	\$300.00 (\$5 per month x 5 years)	\$315.24
Year 10	\$600.00 (\$5 per month x 10 years)	\$663.60
Year 30	\$1,800.00 (\$5 per month x 30 years)	\$2,463.63



ANNUAL

PERCENTAGE

YIELD

Annual Percentage Yield

- Reflects amount of interest on a yearly basis
- Different from the interest rate
- Includes the effects of compounding
- The more often your money compounds:
 - From your employer
 - Individual Retirement Accounts (IRAs)
- Compare APYs not interest rates

THE RULE OF 72

- Formula that estimates how long it will take for money to double in value
- Divide 72 by interest rate
- Result is the estimated number of years to double the money, assuming:
 - No change in interest rates
 - No deposits or withdrawals





Anticipating Changes to Income and Expenses

- Your income and expenses can change
- You may have bills that arrive only once or a few times per year
- Your spending can increase temporarily

Unexpected Expenses

Saving for unexpected expenses is essential because life is unpredictable, and unexpected events can occur at any time, requiring financial resources to handle them effectively.





Emergency Savings Fund Goal

Paying for unexpected expenses with savings is a prudent way to steer clear of debt. It becomes a beneficial cycle, promoting financial health and stability. The rewards of this practice create lasting financial well-being.

Saving and Budgeting

The 50/30/20 budgeting rule is a simple and effective method for achieving financial success. It advises allocating 50% of your income to essential needs like rent, groceries, and transportation; 30% to personal wants such as hobbies, entertainment and dining out; and the remaining 20% towards savings and investments, including building an emergency fund and investing for long-term financial goals. This approach balances current living expenses with future financial security, promoting a holistic approach to money management.

STRONG AND TRUSTED



Serving Chicagoland since 1964, Republic Bank remains committed to serving the businesses and individuals in our communities. Our local roots run deep, and our strength and stability run even deeper. There's never been a better time to bank with a strong and trusted financial institution like Republic Bank of Chicago. Get connected with us today.

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