

The Power of Compounding

When we talk about savings accounts, we talk about compounding. But what does that really mean?

Did you know your Kids Club account is earning money!? MFCU gives you a certain amount of money, based on a percentage, for keeping your funds here. That percentage is called interest. Compounding happens when you earn interest on the money you put in your account plus your earned interest!

Let's see a real life example of how compounding on a savings account can work in your favor.

Day	Value
1	\$ 0.01
2	\$ 0.02
3	\$ 0.04
4	\$ 0.08
5	\$ 0.16
6	\$ 0.32
7	\$ 0.64
8	\$ 1.28
9	\$ 2.56
10	\$ 5.12
11	\$ 10.24
12	\$ 20.48
13	\$ 40.96
14	\$ 81.92
15	\$ 163.84
16	\$ 327.68
17	\$ 655.36
18	\$ 1,310.72
19	\$ 2,621.44
20	\$ 5,242.88
21	\$ 10,485.76
22	\$ 20,971.52
23	\$ 41,943.04
24	\$ 83,886.08
25	\$ 167,772.16
26	\$ 335,544.32
27	\$ 671,088.64
28	\$ 1,342,177.28
29	\$ 2,684,354.56
30	\$ 5,368,709.12

When you save or invest, your money earns interest, or appreciates. The next year, you earn interest on your original money and the interest from the first year. In the third year, you earn interest on your original money and the interest from the first two years. And so on. It's like a snowball effect – roll it down a snowy hill and it'll build on itself to get bigger and bigger before you know it.

What would you rather have, one million dollars right now, or take a penny now and double the amount every day for the next 30 days? Most people would rather have the \$1 million dollars now, but you could be shorting yourself \$4 million!

Look at penny table calculation on the right. The simple act of doubling your previous day's investment can rapidly reap huge rewards thanks to the powerful concept known as compounding.

Now, doubling your money is pretty unlikely, but you can still learn some important lessons:

- 1. **The sooner you start, the better.** When you start saving young, you have more time you have to build up your funds!
- 2. **Make regular deposits.** The more you save, the more you can let compounding work its magic. A little can go a long way!
- 3. **Be patient.** As you can see from the penny table, the biggest returns can come at the end. It takes time for your money to grow.

The most important thing to remember about saving is to build healthy habits. And with an MFCU Kids Club account, you can save stamp cards to redeem for cool prizes!



Winter Bird Feeder Craft



WHAT YOU'LL NEED:

Cardboard toilet paper tube (or paper towel tube cut in half)
Peanut Butter
Knife
Birdseed
24 inches of ribbon (or just make it long enough to hang from a tree branch)

HOW TO MAKE THEM:

1. Spread a coat of peanut butter all over the cardboard tube.
2. Pour birdseed into the empty box so there is a thin layer at the bottom of the box.
3. Roll the cardboard tube in birdseed so the seeds stick to the peanut butter and cover the tube.
4. Thread a ribbon through the tube and tie the ends together in a knot
5. Hang from a tree branch near your window and watch the birds feast!

Savings Tips for You!

One of the most common New Year's resolutions for adults is saving money. There are lots of ways that you can save money, too!

Pay Yourself First: Make sure to save some money before you decide to spend it!

Set Goals: Determine what you're saving for, like a new bike, and figure out how much you will need to save.

Learn by Playing: Play games like Monopoly or Life with your parents or friends to learn how to use money like an adult!

Determine Needs vs. Wants: When you're about to spend money, determine if the item is something you really need or just want.

No matter how you learn to save, make sure to deposit your money into your MFCU Kids Club account. You'll get rewarded for savings money, and you'll earn stamps to redeem for prizes!

4TH QUARTER DIVIDENDS

Our Board of Directors has announced .15% Annual Percentage Yield for the 4th quarter regular shared dividend paid on December 31, 2017. Dividend rate and APY subject to change every dividend period, as determined by the Board of Directors.