

Saving Early: The First Step Toward Future Financial Success

When you were a child, did you ever wish you could see into your future? By saving money at an early age, you may be able to. Saving money early in life is like a porthole that allows a person to predict future financial success. If you begin saving early, your future is more likely to be financially secure, as long as you continue to save throughout your lifetime.

Saving money, although it is an extremely important concept, is a concept that is very unfamiliar to most young people. Sure, we all learn the basic interest equation in our algebra classes, but do most people even truly understand it, and if they do, do they remember it? I seriously doubt it. According to the Phoenix Fiscal Fitness Survey, few kids age twelve to twenty-one understand even basic financial terms. Only 12 percent could define the word “budget”. (Chatzky 274) In addition, two-thirds of young people say they don’t know enough about money, according to the American Savings Education Council.

So what is the best way to help young people learn the importance of saving money? The answer is simple - encourage them to start saving! Why is it important for young people to start saving early? There are a multitude of reasons. Saving money early in life makes a person more likely to save later in life. Saving early also helps young people realize the true value of a dollar. People who begin saving money at an early age also tend to be more responsible. Having money saved also gives a person a financial cushion to fall back on in case of emergency. (Schiano 1) Money invested at a young age has more time to mature, resulting in more money in the future. As the authors of *Simple Ways to Help Your Kids Become Dollar Smart* said, “Money spent is money gone. Money borrowed is money owed. Money saved is money growing.”

As a young adult, I have already learned some of these important lessons myself. Earlier

this year, I decided that when I go to college next fall, I want to have saved enough money to pay for my expenses except for tuition. Achieving this goal means a lot to me because my parents have fully supported me financially for nearly eighteen years, and now I feel like it's my responsibility to bear some of my own financial burden.

To achieve this goal, I am currently working two jobs. One job is steady, while the other is erratic; I only work a few hours at the second job every few weeks. Between the two jobs, I work about twenty hours per week and still manage to have time to do school work and even have a social life. By working a mere twenty hours each week, I have been able to buy many things for myself and I am well on my way to achieving my goal.

Money that a young person saves in a bank while they are still young will definitely result in bigger savings over time. If a young person puts money in the bank and leaves the money in the bank, the money will gain interest. The money gained as a result of interest belongs to the investor, which, in this case would be the young person, and that money can be added to the initial investment. If a young adult saves \$2.74 a day, which translates to \$1,000 a year, they will mostly likely have enough money to get by in retirement. (Jorgensen 9)

Our society thrives on instant gratification; we expect to have things when we want them, without having to wait. Unfortunately, all material things cost money so this concept is not realistic, but if a young person is patient and begins saving early, chances are that young person will eventually be able to have the things he or she desires.

Due to our current economic situation, the importance of saving at a young age is even greater. Many financial professionals and the heads of our government are predicting that by the time the current generation reaches retirement age, social security will no longer work because

there will be too many people receiving social security, and not enough people paying into it. If the social security system fails, theoretically, people will have to work until they die, but if a person begins saving money at an early age and continues to save, he or she will be able to retire, while everyone else still has to work.

The importance of saving early cannot be described in words; the facts lie in the numbers. Of all the measures young people can take to help enhance their future, saving early is the one that is most likely to produce the most significant gains. The need to save money for the future is vital, and it is essential to encourage the young people of today to begin saving for tomorrow.