



Module 4
Session 8 M4W8



Savings Goals

What is the impact of changing interest rates?

	Interest rates are high	Interest rates are low
Savers		
Banks		
Society		

- Goal setting is an important part of getting into the psychology of saving
- We may have multiple goals and need different accounts to help build our savings
- What financial goals do you think you might have in the short, medium and long term

Short Term (Up to 1 Year)

Medium Term (1-5 Years)

Long Term (5+ Years)

Compound Interest

Year	Opening balance		Yearly interest 3% AER		
1	£1,000.00	+	£30.00	=	£1,030.00
2	£1,030.00	+		=	
3		+		=	
4		+		=	
5		+		=	

How much will I save in 5 years?

Step 1

Opening balance x Yearly interest rate = Interest earned

Step 2

Interest earned + Opening balance = Closing balance

Step 3

Closing balance becomes opening balance in the new year

Repeat until table is complete.

