**Module 1**

**Question 1:**

**What do you think when you hear the term “Time Value of Money” or TVM**

Definition: TVM is a simple concept that the value of money in your possession is worth more than the equal amount at a future date due to its potential to earn more. Assuming that the money in your possession can earn interest then, any amount of money is worth more, the sooner it is received.

Inflation cost: What it costs to buy a loaf of bread today would be a lot higher after 30 years.

Present Value of your money: add annual inflation for 30 years would give you future value of your money.

Question 2:

**How do you earn interest on your money?**

Invest/Savings account

Question 3:

**Compounding or Compound Interest and the power of compounding:**

**Interactive question:**

**What would you do in the following two scenarios?**

Scenario A:

For the next 30 days, I give you $100,000 every day for the next 30 days.

Scenario B:

For the next 30 days, I give you $100 on day 1. Day 2, I double it and give you $200. Day 3, $400, Day 4, $800 and keep doubling every single day for the next 30 days.

Which option would you pick?

Scenario A:

Answer **is $3,000,000 ($3 Million)**

Scenario B:

Answer is **$107,374182 ($107 Million and $374,182)**

**Simple tips:**

**Based on the interest rate you earn, how long would it take to double your money?**

Rule of 72

Dividing 72 by the interest rate gives you the number of years it would take to double your money. This does not take into factor compounding but is only a simple interest calculation.

Example: If you earn 10% per year, it would take 7.2 years to double your money.

Given an average age of 25 years to start investing, take a 30 year disciplined approach. Have a fixed weekly, bi-weekly or monthly contribution to your investment account.

As a general rule, invest 10% of your gross income and get used to living on 90%.

Employer plans: Take full advantage of the employer options to the max

Find a qualified advisor

The sooner you start saving/investing the lesser number of years it would take to reach your retirement goal.