

# Investing: But Explain It Like I'm 5



## Before You Start:

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## Financial Terms to Know

*We covered a lot of financial tips in this week's episode, so here's a few terms as we defined them on the podcast.*

**Generational wealth:** building and creating wealth for the next generation so that they have resources to impact the Kingdom of God.

**Rule of 72:** a simple formula to determine the amount of time it will take for an investment to double. If you divide 72 by your interest rate, the answer will tell you how many years it will take for your investment to double.

**Example:** A rate of 7.2% would take 10 years to double because  $72/7.2\%=10$ .

**401(K):** retirement savings account offered by employers

**Individual Retirement Account (IRA):** retirement savings account that you own (instead of your employer)

**Certificate of Deposit (CD):** a type of savings account that typically has a higher interest rate than traditional savings accounts

## Ways to Invest in Your Future

- If you have a 401(K), start there. It's never too late or too early to start. If this is an option available to you, consider starting with a small amount consistently, instead of a larger amount sporadically.
- If you don't have a 401(K), talk with your bank or financial advisor about other investment options, like an IRA or CD account.
- Spend time intentionally building relationships with those around you. Having people to walk through celebrations and hardships with is essential to your future.
- Find one way to invest in your relationship with God each day. It could be listening to a worship song, reading the Bible, or talking with Him in prayer.



## Your Next Step:

It's okay if investing financially isn't your next best step. Instead, consider where you're at, where you want to be, and make one small change to move in that direction. It could be as simple as bringing your own coffee to work. Remember: It's the small things, over time, that make the biggest difference.