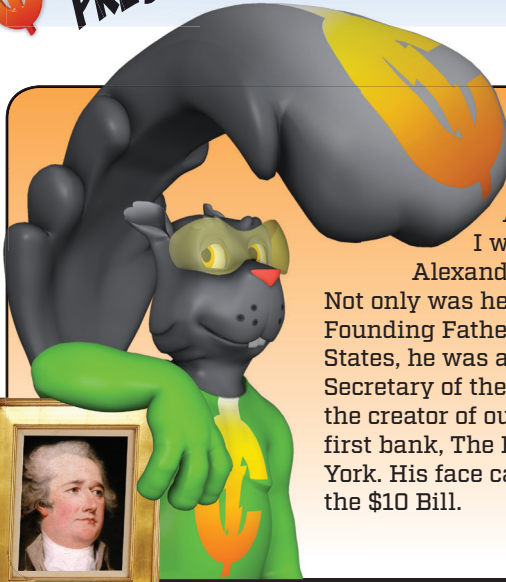


# EARNING INTEREST IT GROWS ON YOU!



Hey there!  
My name is Hurlwind,  
AKA Hamilton.  
I was named after  
Alexander Hamilton.

Not only was he one of the  
Founding Fathers of the United  
States, he was also the first  
Secretary of the Treasury, and  
the creator of our nation's very  
first bank, The Bank of New  
York. His face can be seen on  
the \$10 Bill.



Know what I'm doing right  
now? Building up my savings!  
Last month, I took all my  
birthday money and opened  
a savings account. The good  
news is, the bank guarantees  
that my money will be there,  
safe and sound. The great news  
is, my money is earning me money,  
just by being there! That's because  
the bank will pay you interest  
for keeping your money with  
them. Each year, they'll give  
you a small percentage of  
the amount you have in  
your savings account. It's  
like getting money for free...  
and who doesn't like that?



Let's say 10 people deposit  
\$1000 into their savings accounts.  
The bank now has  
\$10,000 to use. I  
come in to borrow  
\$10,000 for a new  
car. The bank  
lends me that  
\$10,000 for a  
certain length  
of time (called the  
term). Now I have  
to repay that amount,  
plus extra money for  
the use of that loan. That  
extra money is also called  
interest but this time, the bank earns it. How much  
does the bank make on its loan? The longer it takes  
me to repay the loan, the higher the interest rate.  
For example:



Term of Loan	Interest Rate	Monthly Payment	Total Interest Paid
36 months.....	6.84%.....	\$308.04.....	\$1089.44
60 months.....	7.10%.....	\$198.48.....	\$1909.05
72 months.....	7.45%.....	\$172.66.....	\$2431.46

As the term of the loan increases: 1) What happens to the interest rate? 2) To the monthly payment? 3) To the total interest payment amount?

Answers: 1) The interest rate increases. 2) The monthly payment decreases. 3) The total payment amount increases

**Q.** Why would a bank pay you for keeping your money there?

**A.** Banks actually use your money to MAKE money so they can help other customers!



With profits made on the  
\$10,000 that was loaned,  
the bank can pay interest  
into each savings account  
and have money left over.  
Banks open new savings  
accounts and make loans  
every day. That enables them  
to help people get funds for  
cars or for college tuition,  
to buy homes, and other  
things – So a savings  
account is not only  
good for you, it helps  
keep your community  
strong too!



**DID YOU KNOW?**

WE ALL RECOGNIZE THE DOLLAR SIGN – \$ – BUT THAT SYMBOL HAS NEVER APPEARED ON ANY AMERICAN CURRENCY.