

# Rising Star



July  
2010

..... The Youth Newsletter of your Alhambra Credit Union .....

# Wow!



I start out small.  
Over time I become ENORMOUS. What am I?  
Compound Interest

**Kids ...** Compound interest means the rate at which your money earns interest *increases over time* — With compound interest you earn interest on your interest! With simple interest you earn the same amount every month. Here's an example to give you an idea of how powerful compound interest is.



► Which of the following choices will grow to a dollar in the fewest steps? The Penny or the Dime?

**Penny**—each step the amount will double

**Dime**—add ten cents at each step

► *Which did you choose?* If you said the penny you were right! The penny example is like compound interest. It grew to \$1.28 by the eighth step. The dime, which represents simple interest only became 80 cents. Compound interest starts out small, but given time, it will become a huge amount. The earlier you start saving, the better!

**Kids** — The difference in the interest amount in our example will grow ever larger over time. Your Rising Star Account earns compound interest. Save early; save more; save for a longer time. It will be ENORMOUS!

Interest	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
 Compound	\$0.01	\$0.02	\$0.04	\$0.08	\$0.16	\$0.32	\$0.64	<b>\$1.28</b>
 Simple	\$0.10	\$0.20	\$0.30	\$0.40	\$0.50	\$0.60	\$0.70	<b>\$0.80</b>

## What am I?

I keep the sun out of your eyes.

I am a pair of \_\_\_\_\_

Drink plenty of me when it's hot.

I am \_\_\_\_\_

I keep the sun off of your head.

I am a \_\_\_\_\_

I give you a moving piece of shade.

I am an \_\_\_\_\_



Answers: sunglasses, water, hat, umbrella

**Winners!** Jacqueline and Arianna won \$25.00 in our Credit Union Youth Week Coloring Contest. Way to go!



Jacqueline Rodriguez

## Rising Stars



Arianna Araiza

