VOLUNTEER INSTRUCTIONS

TEST DRIVE
NEXT STOP REALITY
FUELED BY ROYAL CREDIT UNION FOUNDATION

Thank you for participating in Test Drive...Next Stop Reality! Your job as a volunteer will be to guide students through making purchases while they create a monthly "adult" budget.

Students are approximately 25 years old, have chosen an occupation, and have determined their net monthly income. They may be single, single with a child, married, or married with a child. These important life details should be displayed on their name tags. If not, the front page of their Student Status Packets will list this information. Their life status will be a factor in what they will need to purchase from your station.

Savings & Investments

Each student will visit your table to deposit a **minimum of $50.00** into a savings account (required) and discuss other (optional) investment options. This is a required part of their monthly budget to practice the habit of "paying yourself first" so that they are prepared for emergencies as well as to save for future goals such as college for children, home needs, and retirement – to name a few.

*Savings Account *required**

Ask, "What kind of things might you need or want down the road?"

- Using the Station Guide at your table, have the student review the bullet points below the **Savings** section.
- Review their life status to remind them of the increased needs as a family grows.
- As they try to determine what to deposit, ask them about their Net Monthly Income.
- Let students know that saving 10% of their income is a good goal to set.
- Instruct the student to write the amount they will be putting into savings on their Road Map.

*Employer Retirement Account *optional**

Ask, "Do you think now is the time to start saving for retirement?" The answer should be yes and whatever answer they give, say "The earlier you start saving the less you must save in the long run!"

- As they try to determine what to deposit, ask them about their gross monthly income. Explain to students that their investment decisions to employer sponsored plans, like a 401K, will be made based on their GROSS income (found on page one of their Student Status Packet) not their NET income. This is because these investments are made pre-tax deductions. <u>This means you won't pay taxes on that money until you withdraw it.</u>

Please see reverse side for additional instructions.

How to Determine Contribution:

- For this event, we are assuming each employer will match employee contributions up to 5%.
- Tell students that contributing the max amount that your employer will match is a good decision because that is FREE money. Doing so means they are getting a 100% return on their investment.
- If students want to contribute more than their employer match, they can. Many financial experts recommend saving around 15% of pre-tax income toward retirement. Make sure that it makes sense with the income that they have, knowing that they have 22 stations to visit during the simulation.
- If they decide to participate in their employer retirement plan, have them calculate the amount that they choose to invest. They should write the amount ***they*** are contributing in the Employee Investment Contribution box of their Road Map ***(this amount should not be combined with their employer contribution).***
- Students should add together the amount they are putting into their savings account and the amount that they are contributing to their employer's retirement plan and write that total in the Savings & Investments Contributions box on their Road Map.
- Instruct students to write the total on their Transaction Register and subtract it from their balance.

Acknowledge the transaction has taken place by stamping the right column of the Savings & Investments section of the Road Map.

***Savings & Investments is on page 1 of the Road Map ***