

LESSON #4

UNDERSTANDING YOUR 401(K)



What To Do

1. Ask students to respond to the following prompt: If I had a million dollars I would _____.
2. Have volunteers share their responses. Then discuss what students would need to do to save that much money.
3. Explain one way to accumulate wealth is to start a 401(k) (consult the Student Glossary for a definition).
4. Have small groups research the following questions about 401(k)s: *How do I get a 401(k)? How do I save in a 401(k)? What if my employer doesn't offer a 401(k)—what other options do I have? What is a 401(k) match? How does a 401(k) grow?*
5. Have students present their findings to the class. Consider sharing a compound interest calculator like the one available at www.investor.gov/additional-resources/free-financial-planning-tools/compound-interest-calculator to help demonstrate how quickly investments can grow.
6. Next, distribute the Lesson #4 Student Activity and give students time to complete it, using external research as needed.
7. Close the lesson by asking students: *Do you think it's easy to become a millionaire? Why or why not? What did you learn about wealth building from your research on 401(k)s? How have your beliefs changed about saving for retirement?*