

Penny a Day for 30 Days or \$1,000,000 Today

Use with Camp Millionaire and The Money Game

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PREREQUISITE: Simple Vs. Compound Interest Activity

COSTUMES/PROPS NEEDED:

8.5 x 11 Signs: 1) Penny a Day for 30 Days; 2) \$1,000,000 Today

MAIN OBJECTIVES:

- To show the power of compound growth over time.
- To show the power of investing for the long term.
- To show how easy it is to be swayed by large numbers if you don't know the math.

KEY TERMS, CALLBACKS:

Compound growth, compound interest.

PRINCIPLES, SAYINGS, DECLARATIONS:

Save early, save often, invest wisely.

SET UP/PREPARATION:

Have the two signs ready.

SUGGESTED ENROLLING QUESTIONS:

How many of you would like a million dollars today? Great. I need two volunteers up here.

DIALOGUE:

Bring the volunteers to the front. Give each volunteer a sign; one that says \$1,000,000 and one that says Penny a Day Doubled for 30 Days.

OK, so everyone has a very serious choice to make right now and the choice you make will dictate how much money you may have in the future. Are you ready? Great.

You can either choose to get one million dollars today OR you can have a penny today and have that penny doubled every day for the next 30 days.

How many of you want the million dollars? How many of you want the penny? OK, let's see. Those of you who want the million dollars today, come stand on this side (by the volunteer with that sign) and those of you wanting the penny a day doubled for 30 days, come stand here.

Note: Occasionally, someone in the class has seen this before and knows the answer. Encourage them to be quiet about it.

Now, pick up your Financial Freedom Playbook or the page that goes with this activity and start playing with them - taunting them actually! (You'll see how on the video.) Start by saying...

"For those of you who wanted the penny, let's look at what you have in 10 days. You have \$5.12. Are

you sure you still want to stay with the penny? (Turn to the ones who chose a million dollars.) And are you guys still happy with your choice?

Alright, let's jump ahead to Day 17, if you chose the penny scenario. You now have \$655.36. Anyone want to change their mind and take the million dollars?

Note: Let them change sides if they want at any point until the very end.

Let's fast forward to Day 21. You have \$10,485.76. Any of my penny group want to change their minds now? (Again, let them change if they want to.)

OK, how are you feeling over here with a million dollars already? Anyone changing their minds and take the penny.

You have a couple more chances.

It's now Day 26 and you have \$333,544.32. Wow, how did that happen so quickly? Anyone know the word? It's called Compound Growth.

This is your last chance to switch so make your final decisions and we'll see what happens when we hit Day 30. Anyone want to take a guess?

What would you say if I told you that the penny doubled every day would add up to \$5,368,709?

How many of you would want the penny now? Exactly!

Who can tell me why the penny grows so quickly? Right. It compounds. Just like when we did the activity where you saw the difference between Simple and Compound Interest. This activity shows you how quickly compounding affects the money you save and invest.

NOTE: only do this next part for an older group who really understands how Assets create Passive Income for them, i.e., real estate creates cash flow from rents; stock can create cash flow from dividends or options; and businesses can create cash flow from profits when the business is put on autopilot like a parking lot, ATM machine, internet information product site, etc.

Here are the questions for you...

1) Do all types of assets give you INTEREST when you invest in them? No, only things like second mortgages where you're playing the bank, times when YOU are the one lending the money to someone for something - usually for them to buy something, get out of debt (not a good investment), save their house, help them grow their business (but you end up with a piece of the business usually in this case), etc.

2) Can you ever get 100% interest on an investment? YES YOU CAN. But do you really need to know what you're doing? Of course, and it's not very often that you'll get a return on your investment that high.

3) What Jar do you have that will help you get higher amounts of interest? Your EDUCATION JAR!

Great work everyone. Have a seat (or whatever is next).

FLIPCHART:

None