

MODULE 1, LESSON 1.1 WORKSHEET



Why Investing Matters: Inflation and Real Returns

Investing Essentials for Beginners

Key Concepts at a Glance

- **Inflation:** The gradual increase in the cost of goods and services over time.
- **Purchasing Power:** What your money can actually buy.
- **Real Return:** Your return after inflation is taken into account.
- **Core Idea:** If your money grows slower than inflation, it loses real value.

A Simple Example

Inflation is 6% per year, your savings earn 3% interest.

Even though your balance increases, your money is effectively losing 3% of its real value each year.

This is why savings alone may not build long-term wealth.

Take a Moment to Reflect

- Where do I currently keep most of my savings?
- Do I know the interest rate my savings earn?
- Have my living costs increased over the past year?

Key Takeaway

To build wealth, your money needs to grow faster than inflation.

What Comes Next?

Lesson 1.2: explores compound growth and why small, consistent investments can make a big difference over time.

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