

How Can You Save Money for Your Grandchild?

JULY 9, 2019 BY [E.J. SMITH - YOUR SURVIVAL GUY](#) (EDIT)

The short answer is, early. The earlier you can start saving for your grandchild, the greater the impact you'll have on their life.

Take a trip with me. Let's say you help a grandchild get into the savings game when they're born by contributing \$525 per year to an account you establish for them. (I favor UGMAs for this purpose). You diligently save each year for her first 21 years.

Then when she turns 22, she continues along the same path, saving \$525 on her own each year until she's 64.

Look at my table below to compare her success to someone who begins his investment savings at age 22 at double the savings rate of your granddaughter, saving \$1,100 each year. Even though he's saving twice as much each year, when he turns 64 he'll have half as much as your granddaughter simply because you helped put time on her side with your early generosity (I've used a long-term expectation for stocks of 6% growth per year).

So, how do you save money for your grandchild? Easy, put time on their side.



Figure 1 By [wavebreakmedia @ Shutterstock.com](#)

THE POWER OF COMPOUND INTEREST

Save Early and Often

GRANDCHILD A

GRANDCHILD B

Assumed Growth Rate of 6%	AGE	ANNUAL CONTRIBUTION	YEAR-END ACCOUNT BALANCE	AGE	ANNUAL CONTRIBUTION	YEAR-END ACCOUNT BALANCE
	0	\$525	\$557	0	\$0	\$0
	1	\$525	\$1,146	1	\$0	\$0
	2	\$525	\$1,772	2	\$0	\$0
	3	\$525	\$2,434	3	\$0	\$0
	4	\$525	\$3,137	4	\$0	\$0
	5	\$525	\$3,882	5	\$0	\$0
	6	\$525	\$4,671	6	\$0	\$0
	7	\$525	\$5,508	7	\$0	\$0
	8	\$525	\$6,395	8	\$0	\$0
	9	\$525	\$7,335	9	\$0	\$0
	10	\$525	\$8,332	10	\$0	\$0
	11	\$525	\$9,388	11	\$0	\$0
	12	\$525	\$10,508	12	\$0	\$0
	13	\$525	\$11,695	13	\$0	\$0
	14	\$525	\$12,953	14	\$0	\$0
	15	\$525	\$14,287	15	\$0	\$0
	16	\$525	\$15,700	16	\$0	\$0
	17	\$525	\$17,199	17	\$0	\$0
	18	\$525	\$18,787	18	\$0	\$0
	19	\$525	\$20,471	19	\$0	\$0
	20	\$525	\$22,256	20	\$0	\$0
	21	\$525	\$24,148	21	\$0	\$0
	22	\$525	\$26,153	22	\$0	\$0
	23	\$525	\$28,279	23	\$1,100	\$1,166
	24	\$525	\$30,532	24	\$1,100	\$2,402
	25	\$525	\$32,921	25	\$1,100	\$3,712
	26	\$525	\$35,452	26	\$1,100	\$5,101
	27	\$525	\$38,136	27	\$1,100	\$6,573
	28	\$525	\$40,981	28	\$1,100	\$8,133
	29	\$525	\$43,996	29	\$1,100	\$9,787
	30	\$525	\$47,192	30	\$1,100	\$11,540
	31	\$525	\$50,580	31	\$1,100	\$13,399
	32	\$525	\$54,171	32	\$1,100	\$15,369
	33	\$525	\$57,978	33	\$1,100	\$17,457
	34	\$525	\$62,013	34	\$1,100	\$19,670
	35	\$525	\$66,291	35	\$1,100	\$22,017
	36	\$525	\$70,825	36	\$1,100	\$24,504
	37	\$525	\$75,631	37	\$1,100	\$27,140
	38	\$525	\$80,725	38	\$1,100	\$29,934
	39	\$525	\$86,125	39	\$1,100	\$32,896
	40	\$525	\$91,849	40	\$1,100	\$36,036
	41	\$525	\$97,916	41	\$1,100	\$39,364
	42	\$525	\$104,348	42	\$1,100	\$42,892
	43	\$525	\$111,165	43	\$1,100	\$46,632
	44	\$525	\$118,392	44	\$1,100	\$50,595
	45	\$525	\$126,052	45	\$1,100	\$54,797
	46	\$525	\$134,171	46	\$1,100	\$59,251
	47	\$525	\$142,778	47	\$1,100	\$63,972
	48	\$525	\$151,901	48	\$1,100	\$68,976
	49	\$525	\$161,572	49	\$1,100	\$74,281
	50	\$525	\$171,823	50	\$1,100	\$79,904
	51	\$525	\$182,689	51	\$1,100	\$85,864
	52	\$525	\$194,206	52	\$1,100	\$92,182
	53	\$525	\$206,415	53	\$1,100	\$98,879
	54	\$525	\$219,357	54	\$1,100	\$105,977
	55	\$525	\$233,075	55	\$1,100	\$113,502
	56	\$525	\$247,616	56	\$1,100	\$121,478
	57	\$525	\$263,029	57	\$1,100	\$129,933
	58	\$525	\$279,367	58	\$1,100	\$138,895
	59	\$525	\$296,686	59	\$1,100	\$148,395
	60	\$525	\$315,043	60	\$1,100	\$158,464
	61	\$525	\$334,503	61	\$1,100	\$169,138
	62	\$525	\$355,129	62	\$1,100	\$180,452
	63	\$525	\$376,994	63	\$1,100	\$192,446
	64	\$525	\$400,170	64	\$1,100	\$205,158
	Total Contributions:		\$34,125	Total Contributions:		\$46,200
	Total Earnings:		\$366,045	Total Earnings:		\$158,958
	Final Account Balance:		\$400,170	Final Account Balance:		\$205,158