

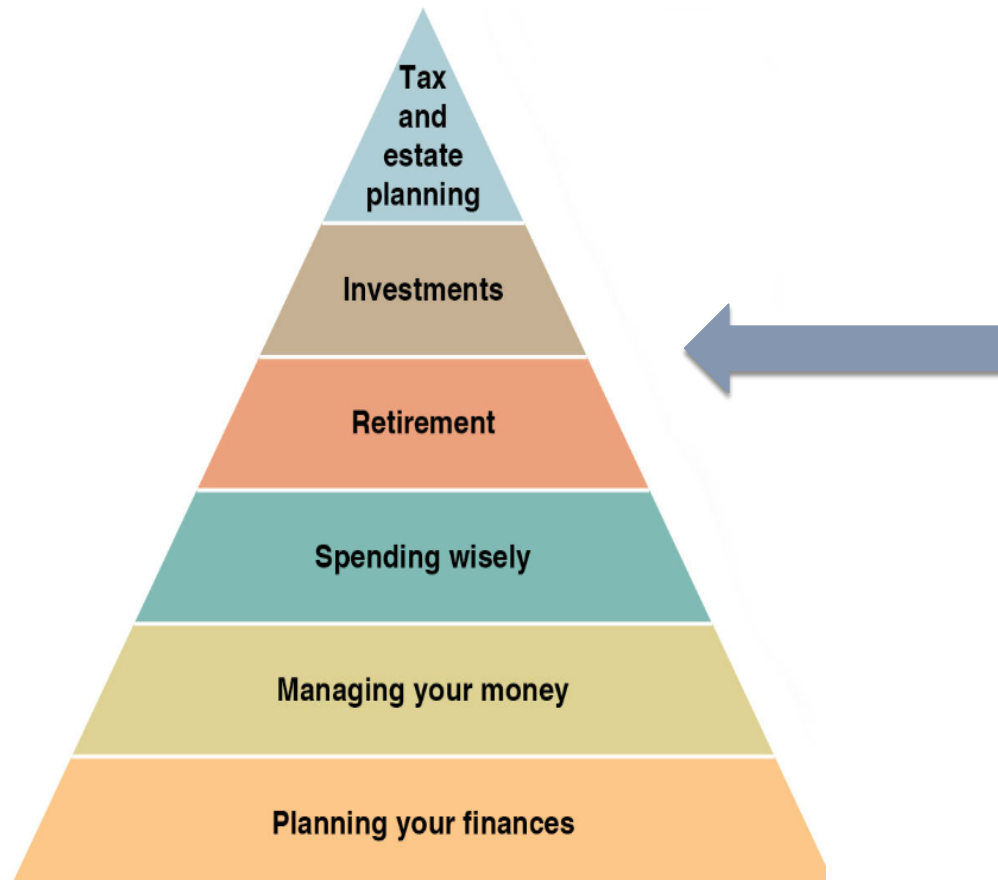
FINANCES 101

BASIC INVESTING:

HOW DO WE MAKE THE
MOST OF OUR MONEY?



Financial Success Pyramid





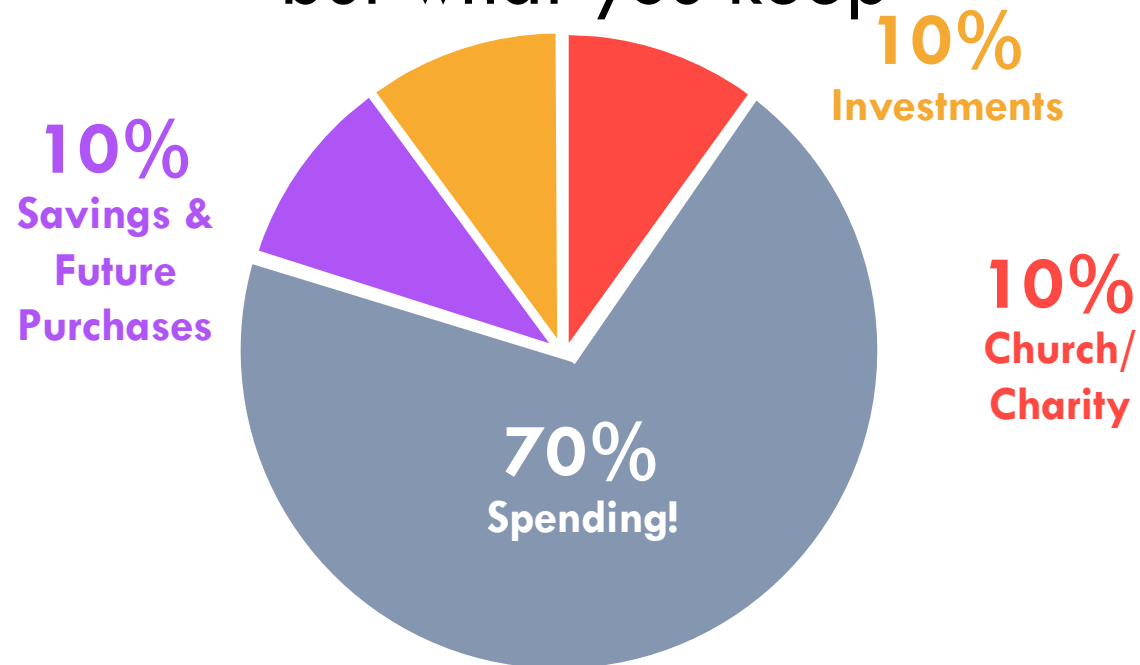
SAVING
IS ABOUT THE
SHORT-TERM

Saving



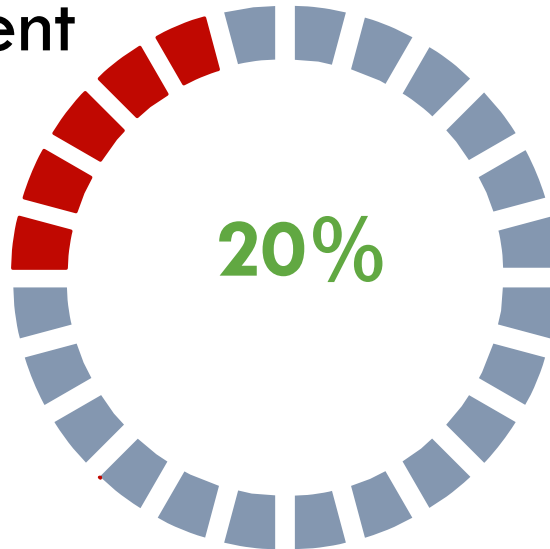
Start Saving Now!

Wealth is not based on what you make,
but what you keep



You Can Protect Your Economy!

Put back 20% of what you spend as a replacement



You Can Protect Your Economy!

Put back 20% of what you spend as a replacement

**If you cannot afford the extra 20%,
then you really cannot afford the purchase**

\$400



\$80 in savings - monthly

HOW DO I
BUILD MY
WEALTH

It's Easy to Become a Millionaire



It's Easy to Become a Millionaire

How much do you need to invest each month?

- A. \$30
- B. \$60
- C. \$150
- D. \$275
- E. \$350+



It's Easy to Become a Millionaire

Start at age 25, work for 40 years, stop at age 65

- \$158 per month
- \$79 per month with a company match
- \$59 after taxes
- ~\$30 per paycheck!



It's Easy to Become a Millionaire

Start at age **23**, work for **45 years**, stop at age **68**

- \$95 per month
- \$48 per month with a company match
- \$32 after taxes
- \$16 per paycheck!



Impact of Long-Term Investing

- Can I accumulate \$1 million if I invest at 10%?
 - Age 25-65 (40 Years) \$158 per month
 - Age 30-65 (35 Years) \$263 per month
 - Age 35-65 (30 Years) \$422 per month
 - Age 40-65 (25 Years) \$754 per month
 - Age 45-65 (20 Years) \$1,317 per month
 - Age 50-65 (15 Years) \$2,413 per month

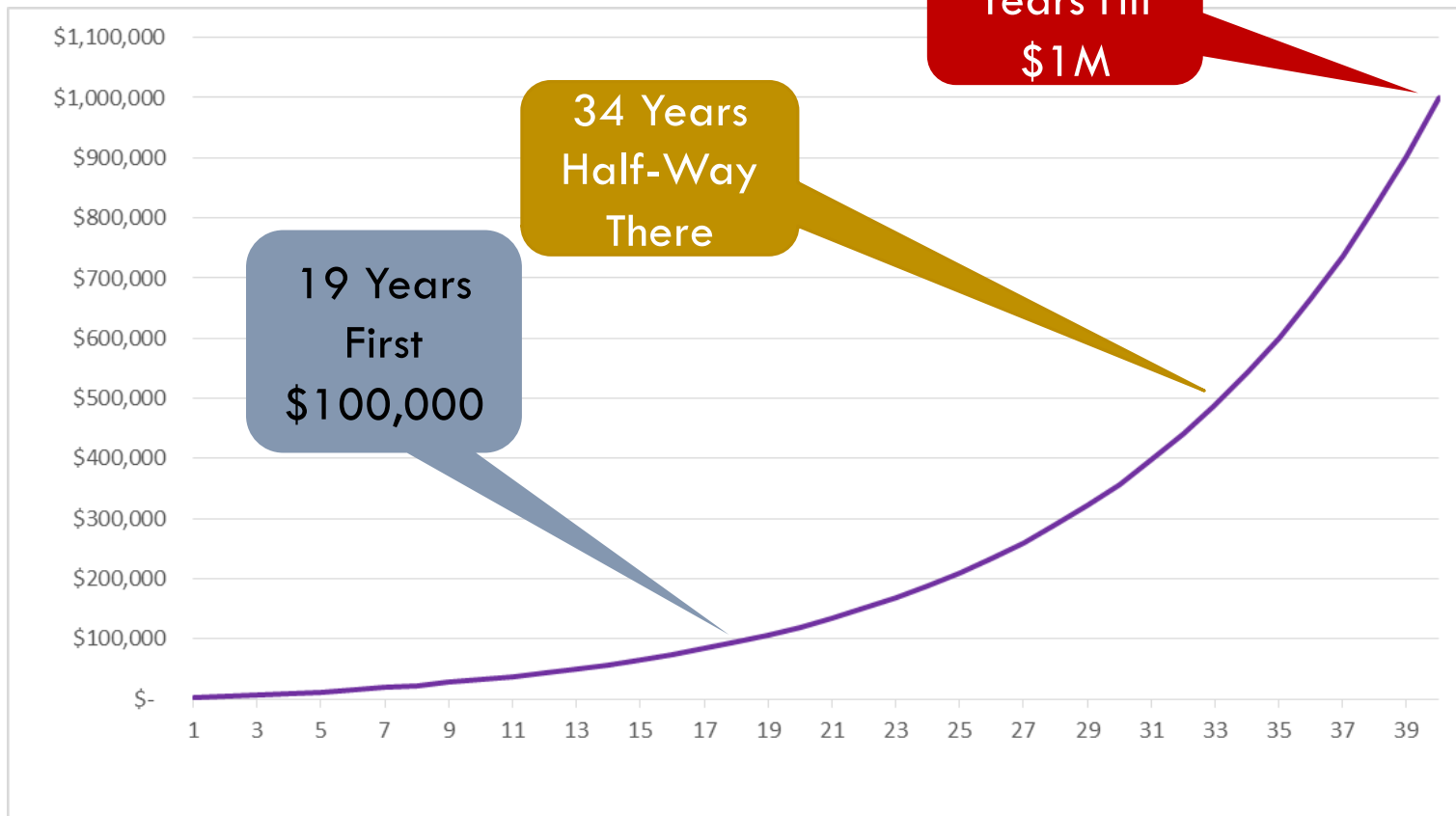


\$158 / Month at 10%, 40 Years

- After 19 years = \$106,000
- After 34 years = \$540,000
- Year 40 = \$1,000,000



Tipping Point



Where Should I Be Now?

- Age 25 \$0
- Age 27 \$ 4,200
- Age 30 \$12,250
- Age 35 \$32,500
- Age 40 \$65,500

Risk vs. Return

1925-2015	Stocks	Bonds	CDs
Effective Return	8.27%	1.84%	0.49%
Beginning Value	\$1,000	\$1,000	\$1,000
Ending Value	\$24,006	\$2,074	\$1,216

- Invest \$1,000 at age 25.
- Results 40 years later when you're age 65.
- Where people confuse investing and saving



HOW TO INVEST
THROUGH
AN EMPLOYER

Are **you** putting
or have you put
some **money**
aside for
retirement yet?



Americans are Failing at Retirement

Fidelity Investments has over 15 million 401K accounts

Only 187,400 are worth over \$1M (1.25%)

Avg account balance of \$106,500



Your first day on the job

A photograph of a man in a blue shirt adjusting his tie. He is looking towards the right, where another person's back is visible. The scene is set in an office with a window in the background.

Start investing on day 1

Take advantage of company match

Retirement Types

Roth

- ❑ No tax break on money going in
- ❑ Tax break on money coming out!
- ❑ All tax growth is tax free!

Traditional

- ❑ Tax break on money going in!
- ❑ No tax break on money coming out
- ❑ All tax growth is tax free!



HOW TO INVEST
OUTSIDE OF
AN EMPLOYER

Best Investment Options

- ETFs
 - ▣ Robinhood
 - ▣ ETrade
 - ▣ TDAmeritrade
- Mutual Funds
 - ▣ Vanguard
 - ▣ T. Rowe Price
 - ▣ Fidelity

Index Mutual Funds - Quality

- **Vanguard Total Stock Market Index Admiral Shares (VTSAX)**
 - ▣ Expense ratio: 0.04 percent (\$4 in fees for every \$10,000 invested)
 - ▣ 10-year average return: 12.81%
- **TIAA-Cref Equity Index (TINRX)**
 - ▣ Expense ratio: 0.33 percent (\$33 in fees for every \$10,000 invested)
 - ▣ 10-year average return: 12.42%
- **Vanguard 500 Index Admiral Shares (VFIAX)**
 - ▣ Expense ratio: 0.04%
 - ▣ 10-year average return : 13.12%

Index Mutual Funds - Quality

- **Vanguard Target Retirement 2050 (VFIFX)**
 - ▣ Expense ratio: 0.15%
 - ▣ 10-year average return: 9.33%
- **Vanguard Explorer (VEXPX)**
 - ▣ Expense ratio: 0.45%
 - ▣ 10-year average return: 12.61%

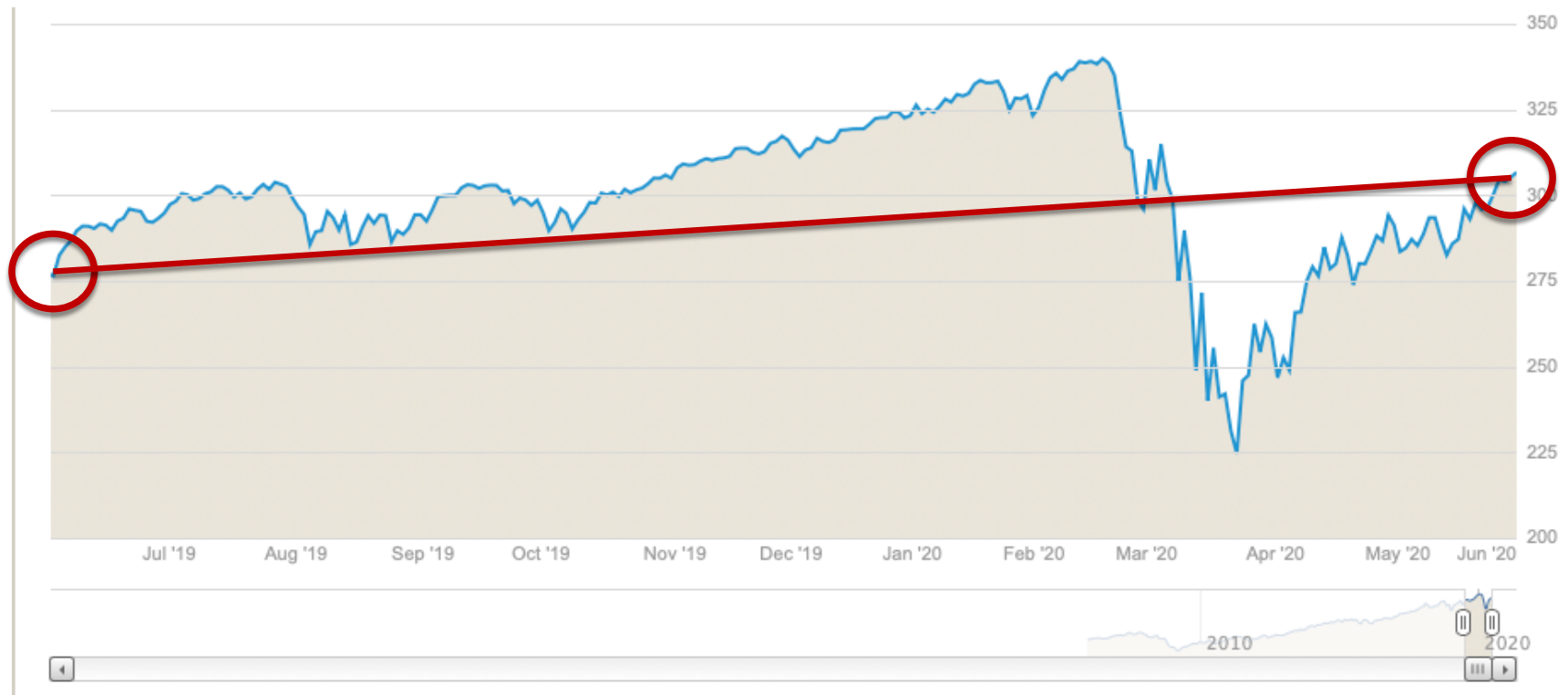
ETF Options - Quality

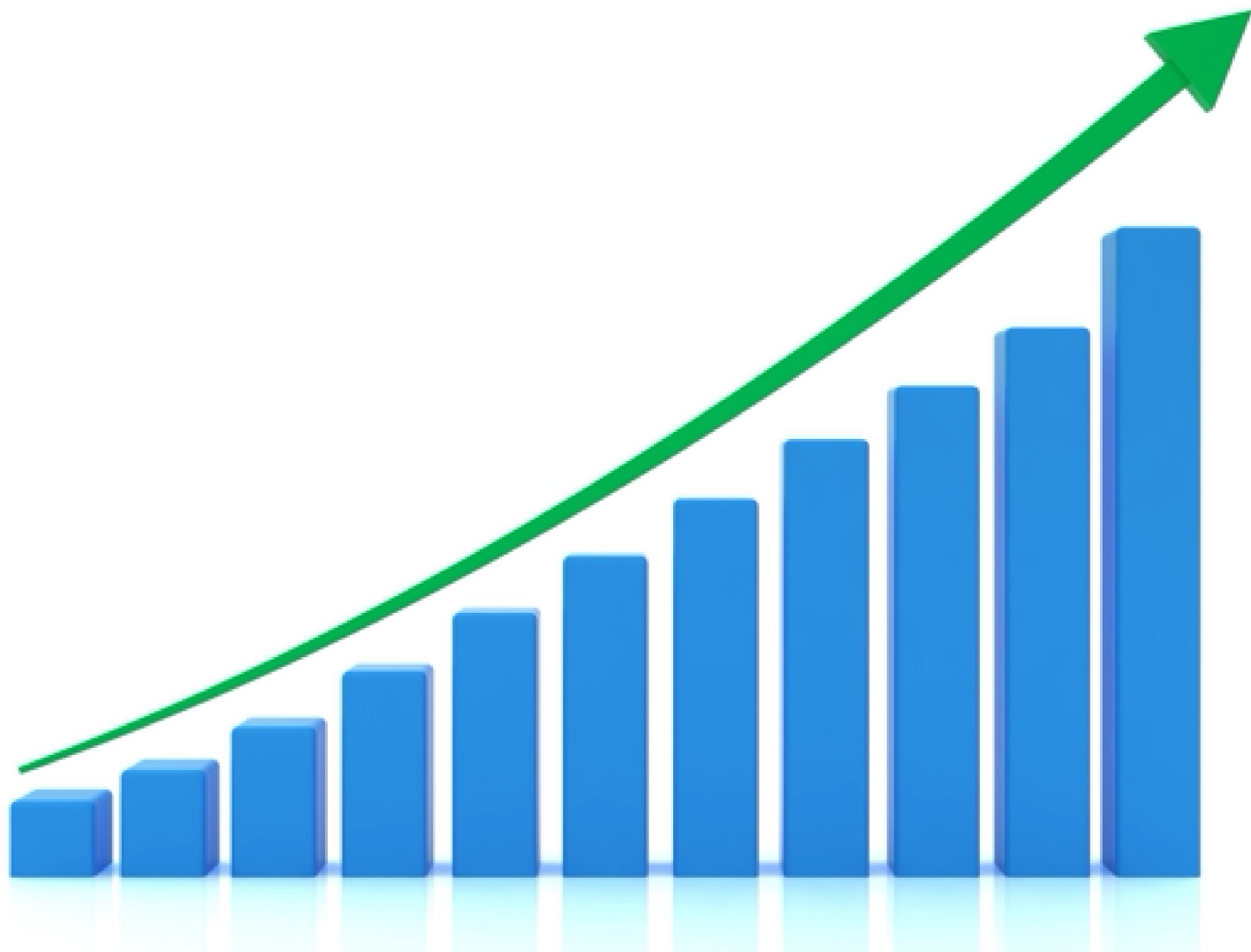
- **SPDR S&P 500 (SPY)**
 - ▣ Expense ratio: 0.09%
 - ▣ 10-year average returns: 13.04%
- **iShares Core S&P 500 (IVV)**
 - ▣ Expense ratio: 0.04%
 - ▣ 10-year average returns: 13.08%

June 2019 – June 2020



June 2019 – June 2020





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