

Creating Assets, Savings and Hope

CASH
CAMPAIGN
OF MARYLAND

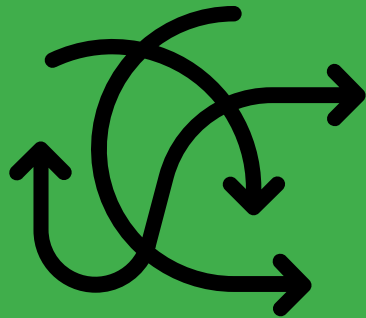
Investing Basics

Revised 2/22/2024

- “Finished files are the result of years of scientific study combined with the experience of years.”



AGENDA



Address our
[INSERT
EMOTION]
around
investing



Paving the
Path of How
to Get
Started!



Looking into
the Future
and What
Possibilities
exist!



KEY CONCEPT

Feel **more confident** about understanding how investing works and how it can be used to **achieve financial gain.**

What emotions come to mind when you think about investing your money?



**NO WAIT, I'M
NOT READY...**



"Why would I choose between this one or that one when I know that I can have both?"

vevo

Creating Assets, Savings and Hope

Different accounts for different goals: Interest Rates vs. Rate of Return

Savings Account:
0.01% APY

Money Market
Account: 1.75%
APY

1 Year Certificate
of Deposit (CD):
4.05% APY

Stock market
average **Rate of
Return**: 7% - 10%

Dividends:
Distribution of
company's earning
to its stockholders.

The Current Inflation Rate is **3.1%***

Let's look at an example

Savings Account

\$1000 total balance

12 months in account

0.01% APY (interest rate)

= 0.10 ¢
(total interest after a year)

= **\$1,000.10**
(TOTAL AFTER A YEAR)



Brokerage Account

\$1000 total balance

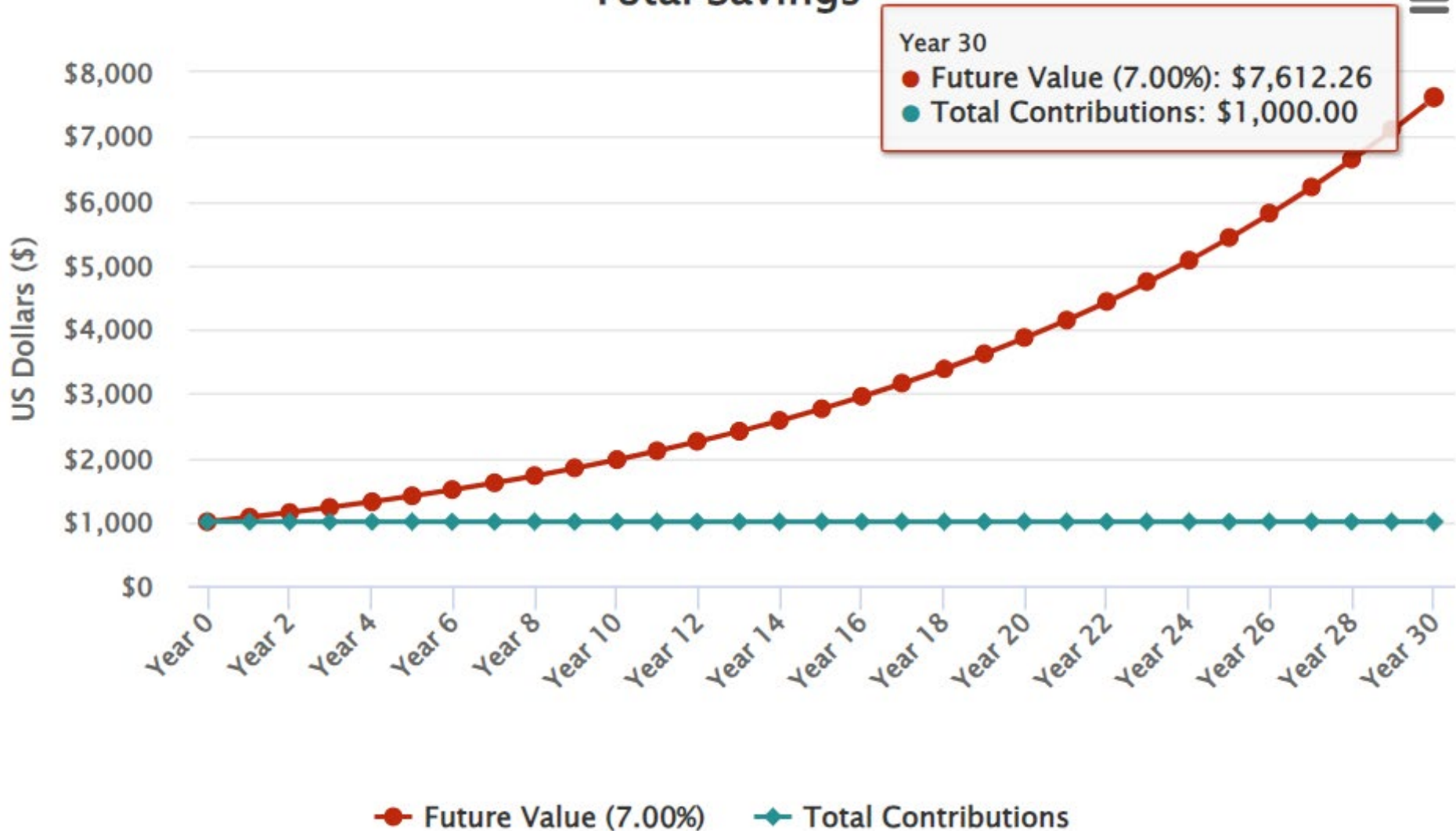
12 months in account

7% rate of return

Future value contingent on
leaving the funds alone.

= **\$1,070.00**
(FUTUTE VALUE)

Total Savings



With a partner, share your thoughts about investing so far and brainstorm two investing questions (you still have) that could address those emotions.

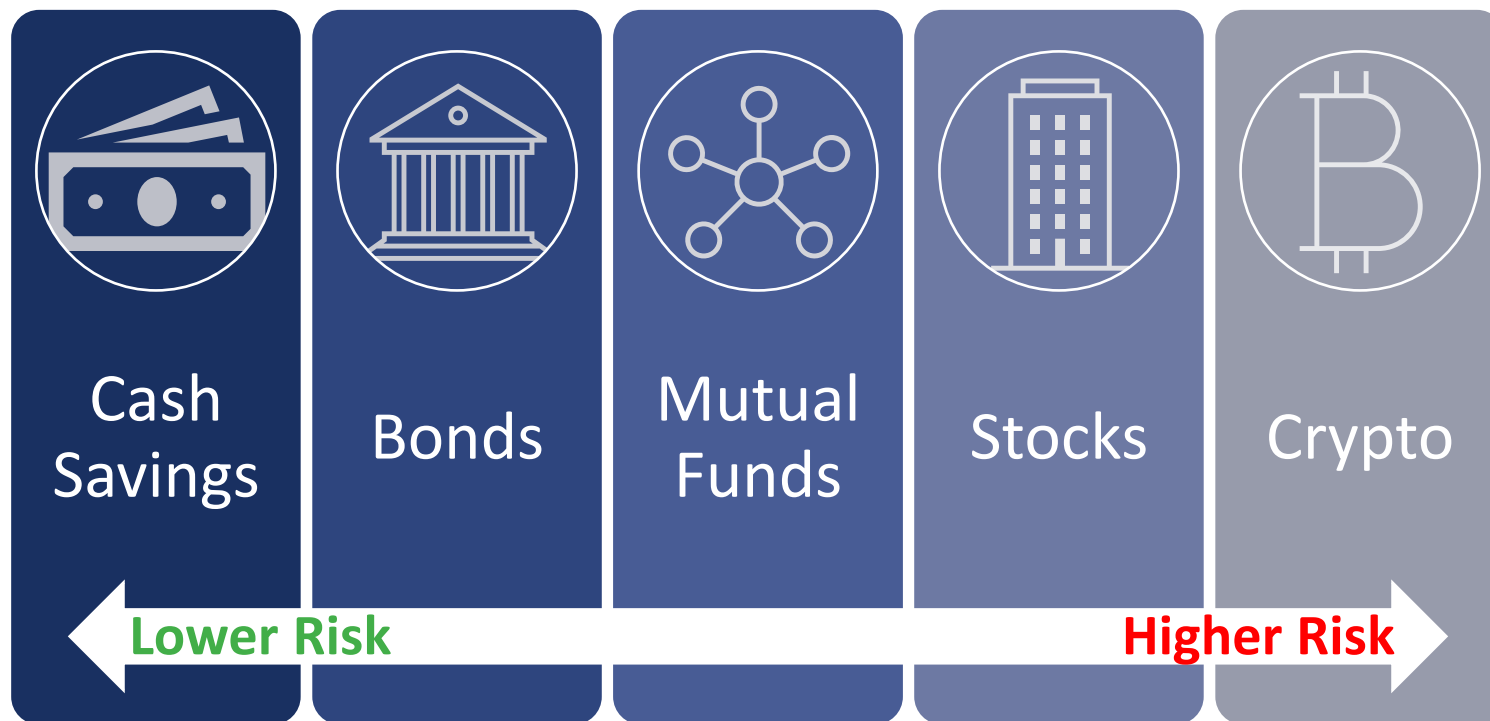
We will share them afterwards.

Stocks, Bonds, Mutual Funds



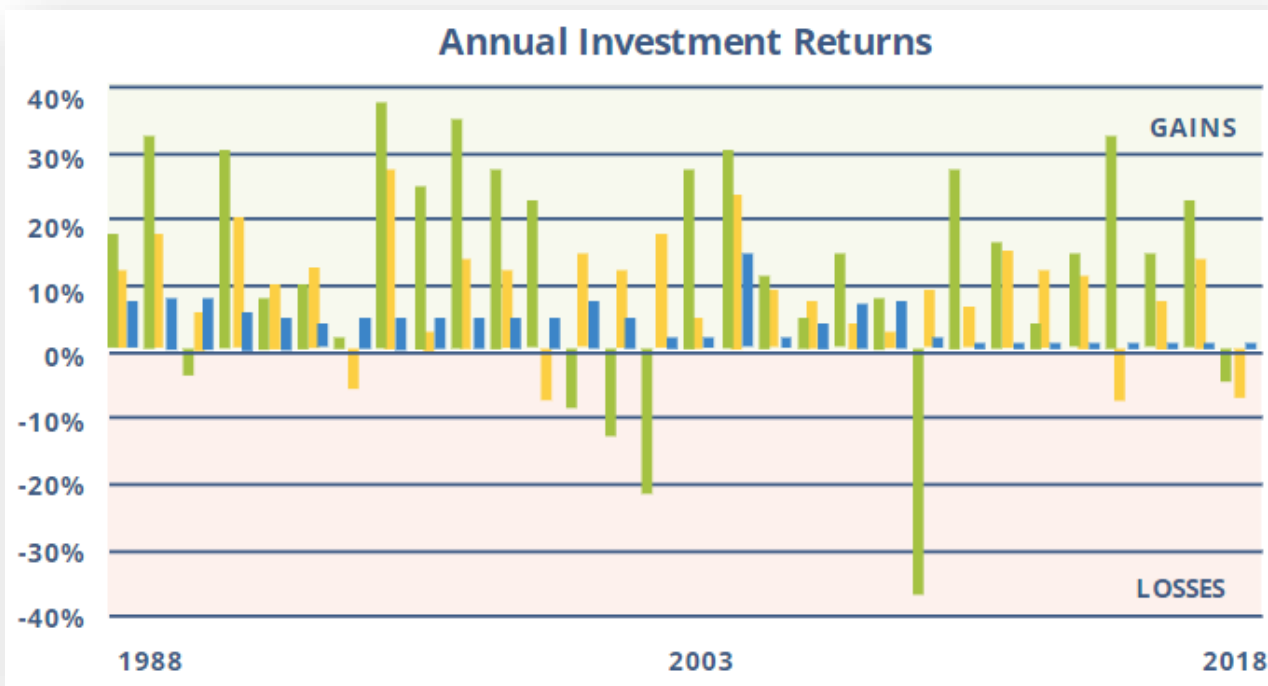
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Understanding Terminology and Risk



POP Quiz: Risk Levels

Below is a table with yearly returns for three types of investments: Company Bonds, Stocks, U.S. Treasury Bills



Low Risk	U.S. Treasury Bills
Moderate Risk	Company Bonds
High Risk	Stocks

ROTH IRA **Coverdell** **Spousal IRA**
Traditional Brokerage **401(K)** **Traditional IRA**

457(B) **UGMA** **403(B)** **UTMA**
SEP/IRA **Keogh** **529 Plan** **Solo 401(K)**

Paving a Path

401 (K)

- At least contributing up to your employer match. Employer decides investment firm.

Maryland
529

- Applying for Save4College Program if eligible. T. Rowe Price manages plans.

ROTH IRA

- Contributing what is left over from budget. You pick where to invest!

401(K), 403(B), 457(B)

BENEFITS OF 401(K)



Paycheck Deferrals

The contributions are taken from your pay before income taxes are applied. This lowers your taxable income, which, in turn, reduces your income taxes.



Company Match

Your employer can deposit contributions to your 401(k). Most commonly, the employer deposits \$0.50 for every \$1 you contribute, up to 6% of your salary.



Potential Tax Savings

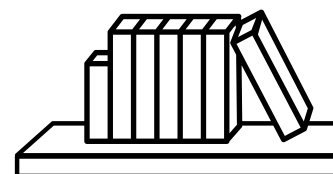
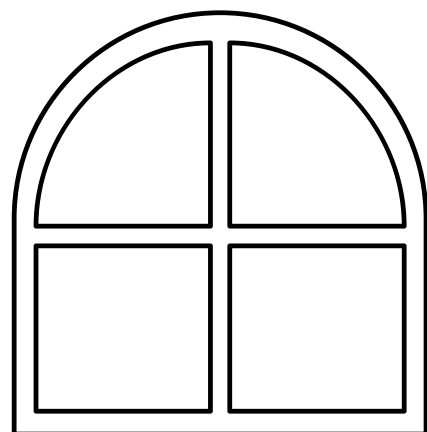
In a 401(k), you don't owe taxes annually on interest, dividends, or profits earned. You won't pay taxes until you withdraw funds from the account.

Let's Discuss:

Defined Contribution Plans: 401(k), 403(b), 457(b)

Earnings	Contributions are made with pre-taxed income. Tax deferred: You pay taxes on earnings when you withdraw.
Tax Advantage	Lowers taxable Income in present time, while still contributing.
Max Contribution for 2024	\$23,000 for those under 50 years old. \$30,500 for those over 50 years old.
Contributions into Plans	You must contribute into your retirement plans. May have an employer match (U.S. average 4% – 6%).
Investments	Investment choices can be limited, they are based on options offered by the employer. If able, select the one w/ lower fees!
Withdrawals	Can begin withdrawing at 59.5 years. 10% PENALTY if withdraw earlier (unless meet IRS exemptions)
Distributions	Required to receive distribution April 1 st after 73 birthday (Required Minimum Distribution - RMD)

Knowing Your Employer Benefits



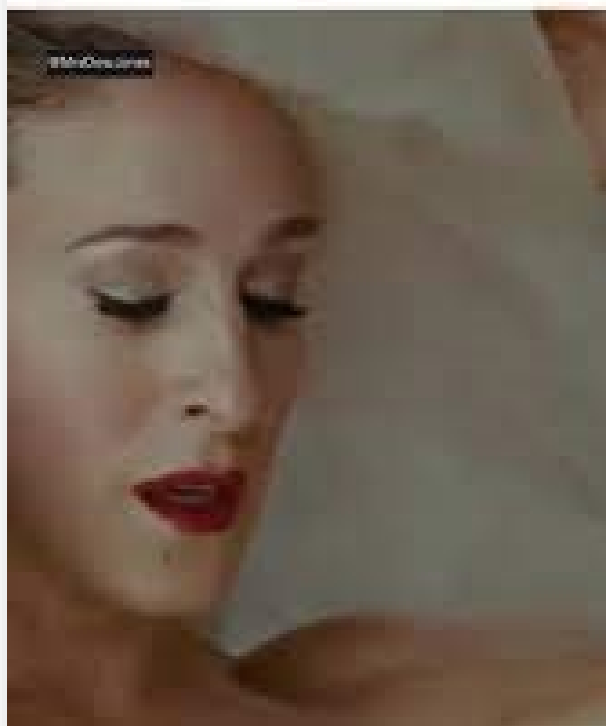
When is the retirement match fully vested?



What's the difference:

	TRADITIONAL IRA	ROTH IRA
Earnings	Pre-tax contributions Tax deferred: You pay taxes when withdrawing earnings	After-tax contributions Earnings grow tax-free
Tax Advantage	Lowers taxable income in present tax year	The advantage come later, when withdrawals are tax free.
Max Contribution for 2024	\$7,000 under 50 years old \$8,000 over 50 years old	
Contributions	Individual must contribute into their retirement plans	
Investments	Variety of investment portfolios	
Withdrawals	Can begin withdrawing at 59.5 years. 10% PENALTY if withdraw earlier (except for special circumstances)	
Required Minimum Distribution (RMD)	Required to withdraw at age 72	No RMD

Me learning that
depositing money into
my Roth IRA isn't enough-
I also have to invest it



Maryland 529 (Managed by T. Rowe Price)

Maryland529

529 Basics ▾

Investment Plan ▾

Prepaid Plan

Account Holders ▾

About Us ▾

In the Community ▾

INVESTMENT PLAN

Save4College State Contribution Program

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STIFEL



Scottrade

RAYMOND
JAMES



charles SCHWAB



Edward Jones
Serving Individual Investors Since 1871



TD AMERITRADE



LPL Financial
Member FINRA/SIPC

Getting Help:

Seek out help from reliable financial advisors. Check for credentials:

Are they licensed brokers? Find them on [investor.gov](https://www.investor.gov)

Are they Certified Financial Planners (CFP) or Certified Financial Advisors (CFA)? Find them on [Verify CFP](https://www.verifycfp.com)

* Fee based or commission?



Avoid High Fees!

Portfolio Value From Investing \$100,000 Over 20 Years

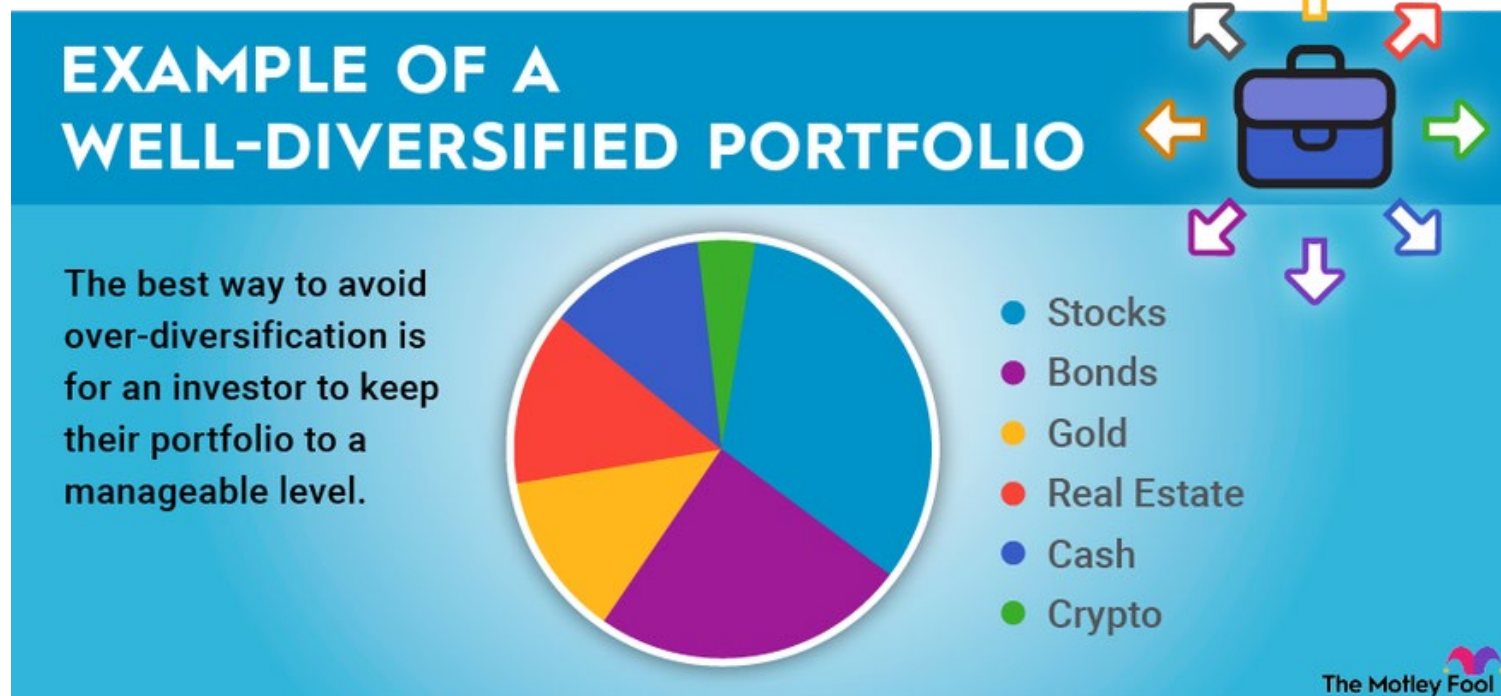




FINRA Fund Analyzer

The screenshot shows the FINRA Fund Analyzer website. At the top is a dark blue navigation bar with the FINRA logo on the left and menu items: Rules & Guidance, Registration, Exams & CE, Events & Training, Filing & Reporting, Compliance Tools, and For Investors. A search icon is on the right. Below the navigation bar is a white sidebar with the heading "FINRA Fund Analyzer Resources" and a list of links: Overview, What's New, Using the Fund Analyzer (highlighted), Terms & Conditions, and Methodology & Data Sources. The main content area has a breadcrumb trail: > FOR INVESTORS > TOOLS AND CALCULATORS. The main heading is "Using the FINRA Fund Analyzer". Below it is a list of links: FINRA Fund Analyzer Overview | What's New | Types of Calculations Available in the Fund Analyzer | Using Search | Understanding the Analyzer's Results | Share the Results of Your Analysis | Printing or Saving Your Analysis | Help | Feedback | Using the Advanced Options. Below that is a link: How to Configure the Fund Analyzer for Transaction ("Clean") Share Calculations. A red button labeled "USE THE FUND ANALYZER" is on the right. At the bottom of the main content area is the heading "Types of Calculations Available in the Fund Analyzer".

Diversification: “Asset Allocation”



Rule of Thumb: Review your asset allocation and update as needed. Rebalancing may be required as economy changes. Some accounts do this automatically.

Time Horizon

An investment time horizon is the time an investment is held until sold. It can be short-term, mid-term, or long-term.

- Investment strategies change based on how long you will hold an investment.



Goal: A wedding to remember in 24 months' time

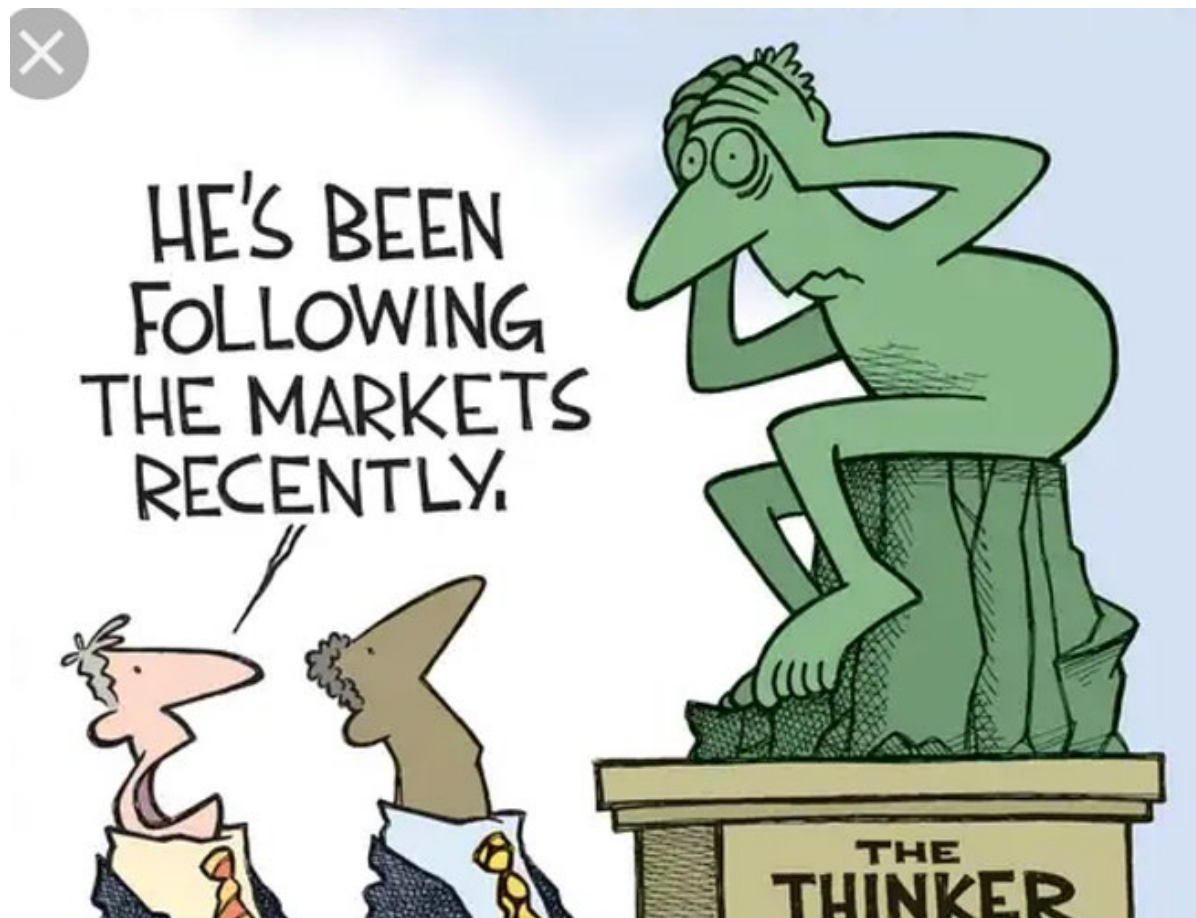


Goal: Down payment on a bigger home you'll need in 7 years



Goal: Retire comfortably in 40 years

Performance Chasing



Align Investments to Values/Beliefs



Halal Investing

**“A specialized form of socially responsible investing...
Avoiding companies that have revenue from areas like
alcohol, gambling, tobacco, etc.”**

Interest and compound interest are different.

<https://www.nerdwallet.com/article/investing/halal-investing>

Beware of Investment Scams



After all of this...



Looking Into the Future...

Adults with non-retirement investments tend to have higher levels of financial well-being.

Having non-retirement investments (such as stocks, bonds or mutual funds) is associated with higher financial well-being. Adults with any amount of non-retirement investments have an average financial well-being score that is 11 points higher than those who do not have such accounts (averages of 62 and 51, respectively).

THANK YOU!

Whitney Visker

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Complete this post-workshop survey
to receive Presentation PowerPoint

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Additional Resources

Merrill Lynch Risk Tolerance Evaluator

- http://individual.ml.com/?id=15261_45434

<http://www.investor.gov/>

- [Compounding Interest Calculator](#)

<http://www.nasaa.org/>

SEC's Investor Complaint Form

<https://www.sec.gov/oiea/Complaint.html>

CFPB Complaint Form: <https://www.consumerfinance.gov/complaint/>