

## STARTING A SAVINGS PLAN

- “Getting rich is not a function of investing \_\_\_\_\_ of money; it is a result of investing \_\_\_\_\_ for \_\_\_\_\_ periods of time.”
- The miracle of compound interest: \_\_\_\_\_ earning \_\_\_\_\_  
**Example:** \$100 @ 5% = \_\_\_\_\_; Earnings: \_\_\_\_\_  
 With compound interest, in “time” 2: \$105 @ 5% = \_\_\_\_\_  
 Earnings: \_\_\_\_\_
- **Save Regularly!**
  - Do it \_\_\_\_\_
  - Pay \_\_\_\_\_ first
  - Use simple and creative ways to \_\_\_\_\_
  - Make saving a part of \_\_\_\_\_ spending decision
  - Use a \_\_\_\_\_ statement to plan
- **Your Major Savings Goals**
  - Down payment on a \_\_\_\_\_
  - Down payment on a \_\_\_\_\_
  - \_\_\_\_\_
  - \_\_\_\_\_

## TYPES OF INVESTMENTS

- **Savings/Share Accounts**
  - \_\_\_\_\_ interest earning account
  - \_\_\_\_\_ risk
  - \_\_\_\_\_ accessible
  - \_\_\_\_\_ step in investing
  - Helps develop \_\_\_\_\_ of investing
- **Online Savings/Share Accounts**
- **Money Market Deposit Accounts**
  - \_\_\_\_\_ interest rate than savings
  - Easily accessible, but \_\_\_\_\_ transactions

- \_\_\_\_\_ risk
- Generally require a \_\_\_\_\_ balance
- Banks and credit unions offer
- Interest is \_\_\_\_\_
- **Money Market Funds**
  - Offered by \_\_\_\_\_ & mutual fund families
  - Not \_\_\_\_\_ insured
  - Easily accessible
- **Certificates of Deposit**
  - \_\_\_\_\_ interest than savings accounts
  - Must \_\_\_\_\_ money in for fixed time
  - The longer you leave it in the \_\_\_\_\_ the interest rate
  - Available at banks and credit unions and \_\_\_\_\_
  - Interest is \_\_\_\_\_
- **Bonds**
  - \_\_\_\_\_ to a corporation or government
  - Earns \_\_\_\_\_ interest than CDs but return may be lower than for stocks
  - Government bonds \_\_\_\_\_ risky than corporate bonds
  - Can \_\_\_\_\_ from employers, banks, and brokerages
  - The minimum may be \_\_\_\_\_ than you have
  - Returns are \_\_\_\_\_
  - Can buy U.S. savings bonds online – [www.treasurydirect.gov](http://www.treasurydirect.gov)
  - Corporate bonds
    - Investment grade bonds vs. “junk” bonds
    - Range in maturity dates
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- Government bonds
  - Treasury bills (t-bills): 4, 13, and 26 week maturity
  - Treasury notes: 2 to 10 years maturity
  - Treasury bonds: 30 year maturity
  - Municipal bonds and other bonds

• **Stocks**

- Buying a part of a \_\_\_\_\_ traded company
- As profits increase \_\_\_\_\_ of stock increases
- \_\_\_\_\_ potential rate of return
- Highest \_\_\_\_\_
- No \_\_\_\_\_ on how long you have to invest or how much you could lose
- Pay \_\_\_\_\_ on dividends and gains from appreciation
- Available from stock brokers and online brokerages

• **Mutual Funds**

- Investment companies \_\_\_\_\_ money from \_\_\_\_\_ of individuals to invest in stocks and bonds
- Easy way to invest in a \_\_\_\_\_ of stocks and bonds -- diversify
- Depending on the type of fund, risk and rate of return \_\_\_\_\_
- Can begin investing with relatively \_\_\_\_\_ amounts
- Can purchase from mutual fund companies, brokerages, and online

**CRITERIA FOR SELECTING SAVINGS/INVESTMENT PRODUCTS**

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## PERSONAL RETIREMENT PLANS

- **Individual Retirement Account (IRA)**

- An IRA is \_\_\_\_\_ a type of investment. It's a part of the tax code to encourage saving.
- You make annual contributions that are tax \_\_\_\_\_
- \_\_\_\_\_ set up the account and decide where to invest the money.
- The maximum contribution if you're younger than 50 is \_\_\_\_\_ (or your earnings – whichever is *less*) in 2019.
- You have until April 15, 2020 to make your contributions for the 2019 tax year.

- **Roth IRA**

- A non-deductible IRA *but* the funds in the account grow tax-free.
- *Plus* you \_\_\_\_\_ withdraw funds (after five years) tax-free and penalty-free for other reasons – first-time homebuyer expenses or educational expenses

**DIVERSIFY** - Have a \_\_\_\_\_ of investments, not just \_\_\_\_\_ type

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