

Investing Matters (Elementary)

A Component of BestPrep's Financial Matters Program

Presenter Info: Name and Company



TODAY'S DISCUSSION

Understand why investing is important

Discuss types of investments

Understand risk and diversification

Importance of investing early



Financial Goals

Pair up with another student near you and brainstorm a few examples of financial goals



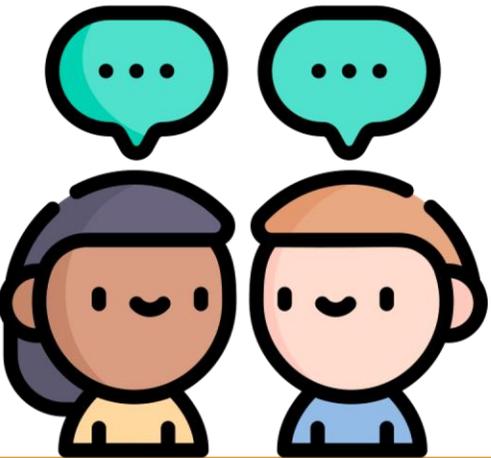
Financial Goals

1:00

Pair up with another student near you and brainstorm a few examples of financial goals.

Guiding questions:

- What do you want to buy soon?
- What do you want to purchase when you're older?
What are you saving towards?
- What does a successful adult look like?



WHAT IS INVESTING AND WHY SHOULD YOU INVEST?

Investing is putting time or money into something with the hope of getting something greater in return.

We invest to...

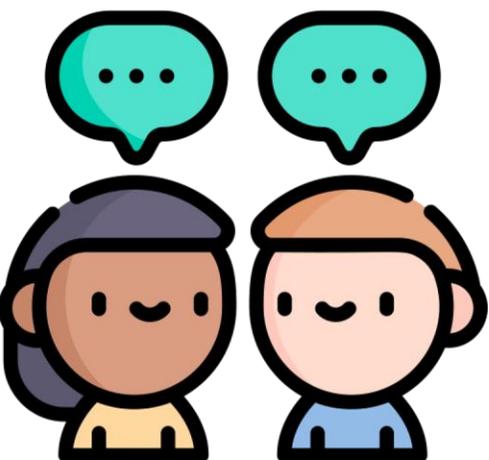
- help meet long term goals
- create financial opportunities and independence
- contribute to family expenses
- make our money work for us



1:00

Brainstorm – What Are My Investing Goals?

Pair up with a different student and share one reason you want to invest.



Save or Invest?

SAVE for short-term goals (less than 5 years)

INVEST for long-term goals (more than 5 years)

- You are just out of college and want to set money aside for retirement
- You want to go on a vacation with friends
- You want to put money away for college in 10 years
- You want to buy tickets to see a concert

Long-Term Goals – Now & Then

Current Cost: \$10,000

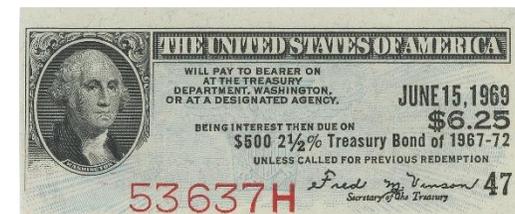
Cost in 10 Years: \$13,500

Types Of Investments

- **STOCKS:** part ownership in a company
- **BONDS:** A loan to a company or government unit

Lender → Bonds → Borrower → Interest Paid to Lender

- **MUTUAL FUNDS:** A group of different types of investments



Investment Risk

Risk: The chance that you will lose all or part of your investment

Levels of Risk

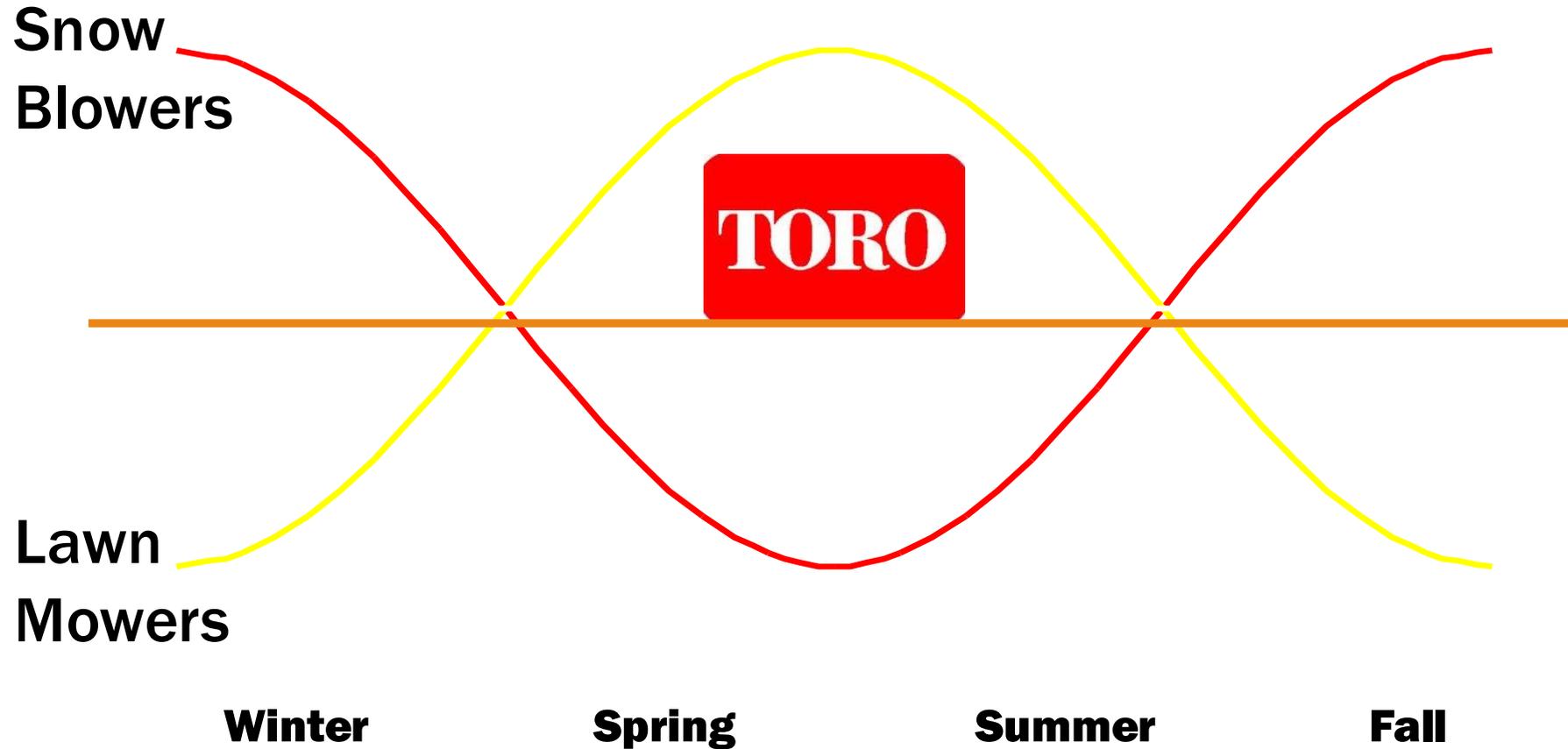
Low

Moderate

High



Diversification: Managing Risk



Why Do Stock Prices Change?

Stock Price – the amount investors believe the company is worth

Things to Consider:

- Profits
- New products or services
- Accidents or problems with products
- Industry trends
- News and events



When Should You Begin Investing?

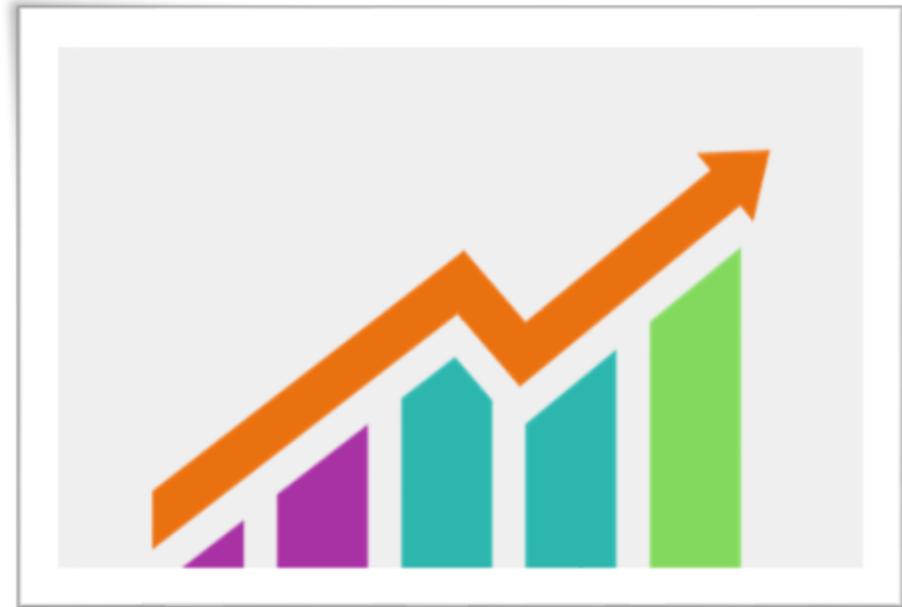
Start now!

Any amount counts

Starting small is okay

Time is on your side

Take advantage of interest



Time and the Power of Compound Interest



Mai begins investing at age 15.



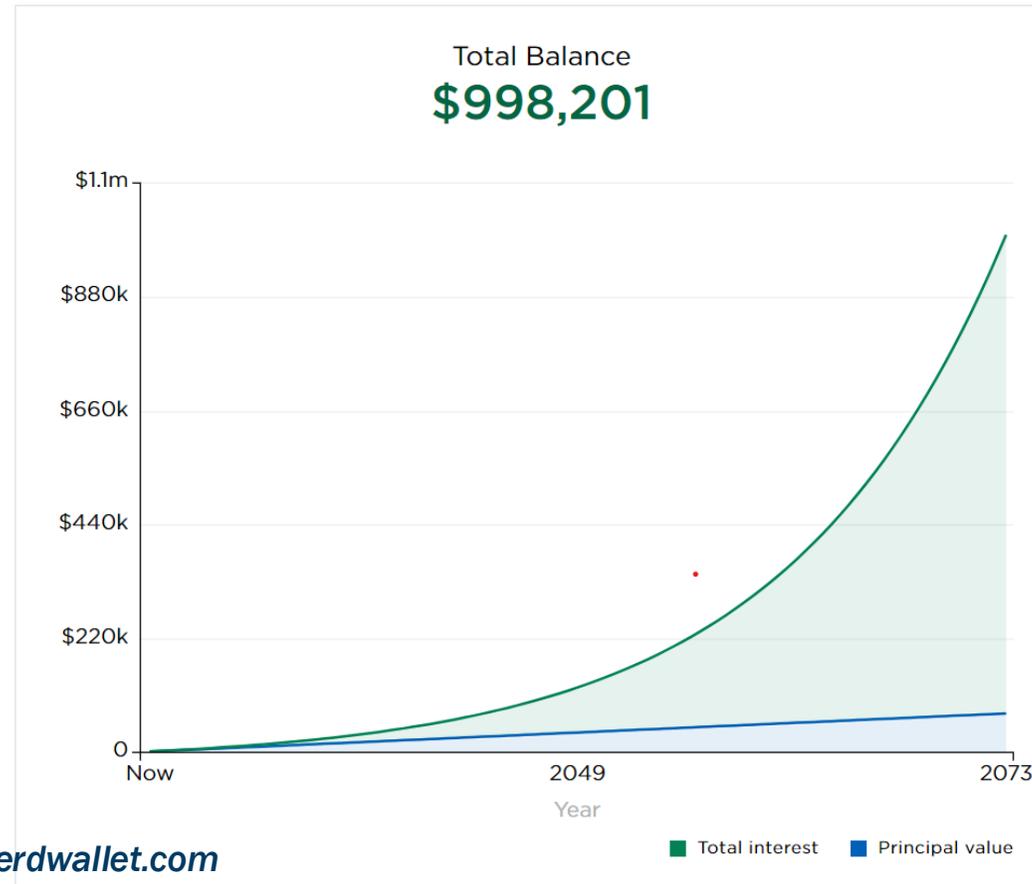
John begins investing at age 25.

Both start with \$125 and contribute \$125 every month – about \$30 per week.
They earn an 8% annual return.

How much will each of them have when they turn 65?

Mai's Investing

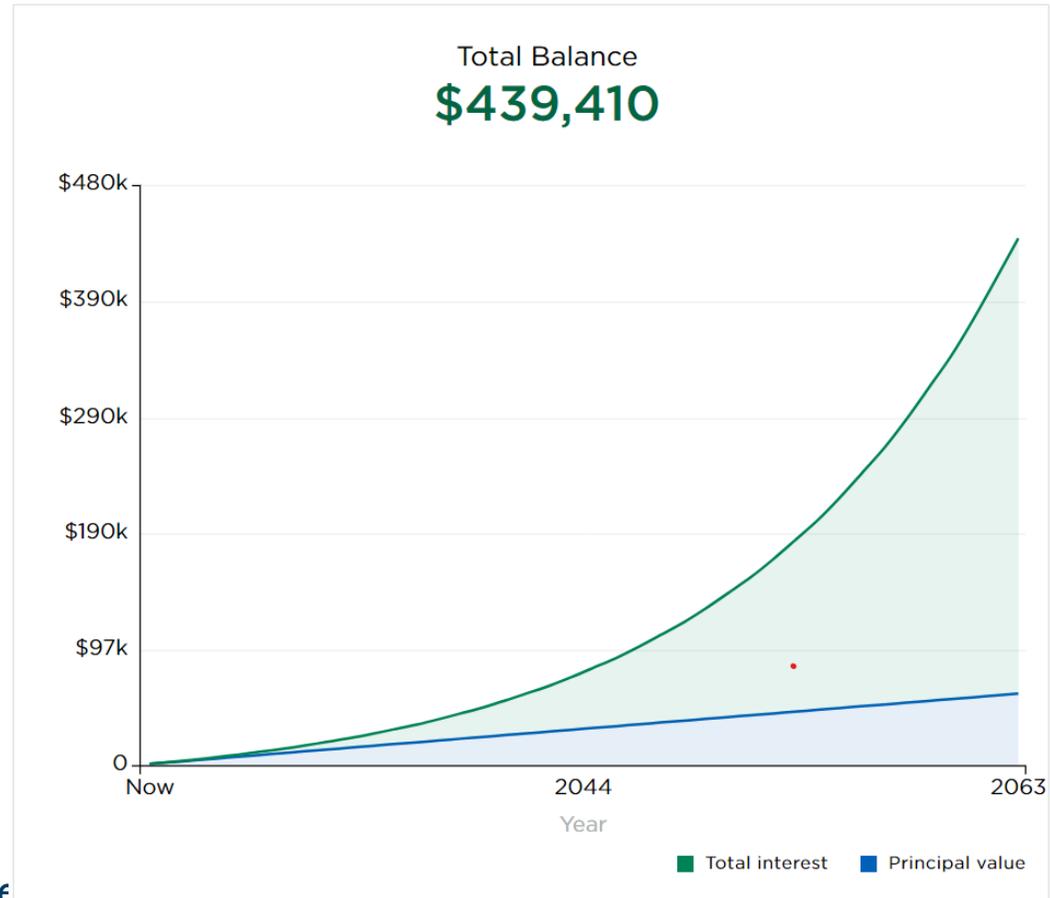
Mai begins at age 15,
\$125 per month, or
about \$30 per week.
She invests for 50 years,
until she's 65.



*8% is not a guaranteed rate of return. Calculator provided by nerdwallet.com

John's Investing

John begins at age 25,
\$125 per month, or
about \$30 per week.
He invests for 40 years,
until he's 65.



*8% is not a guaranteed rate of return. Calculator provided by ne

What Can I do Now?

Identify short- and long-term goals

Open a savings account – get help from a parent or guardian!

Set aside money every month for one or all of your goals



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What Did We Learn?

Understand why investing is important

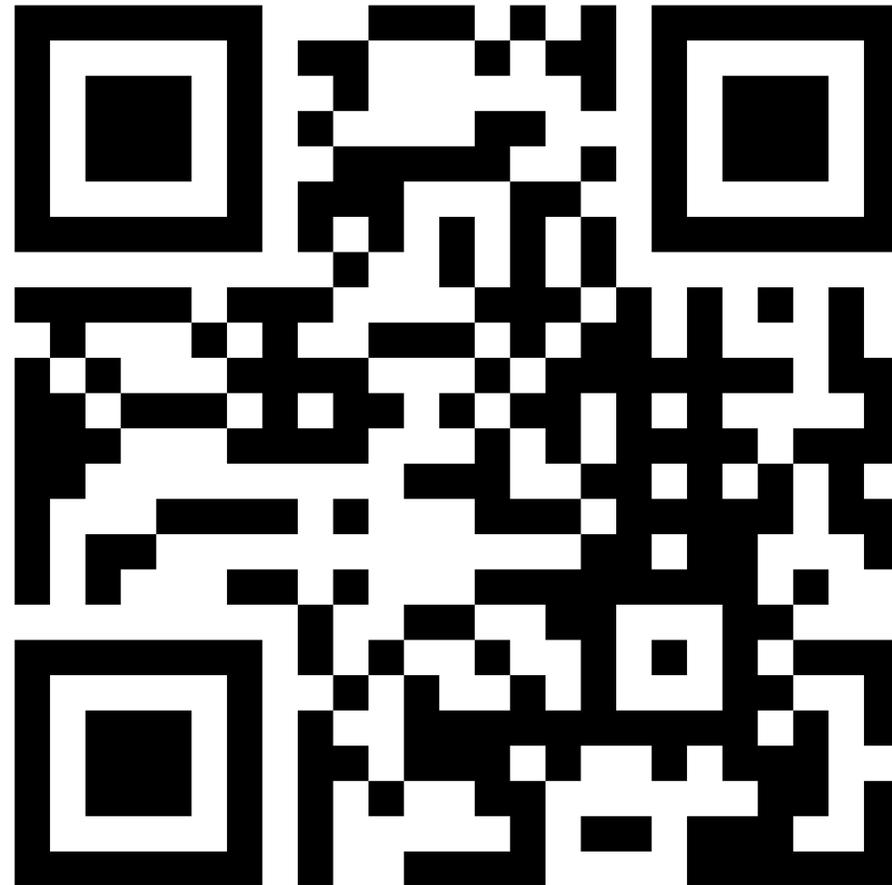
Types of investments

Understand risk and diversification

Importance of investing early



STUDENT SURVEY



Thank You!

BestPrep gratefully acknowledges the support provided by several volunteers to offer Investing Matters as a part of Financial Matters.

