



Financial Leadership Program Speakers Bureau

Know Your Investments

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Know Your Investments
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AGENDA

| Number | Item | Presenter | Time |
|--------|----------------------------------|-----------|-------|
| 1. | Value of Investing | Justin | 8 min |
| 2. | Fresh Out of College | Chola | 8 min |
| 3. | Retirement Accounts | Nicholas | 8 min |
| 4. | Passive Vs. Aggressive Investing | Justin | 3 min |

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Value of Investing

Achieve future goals



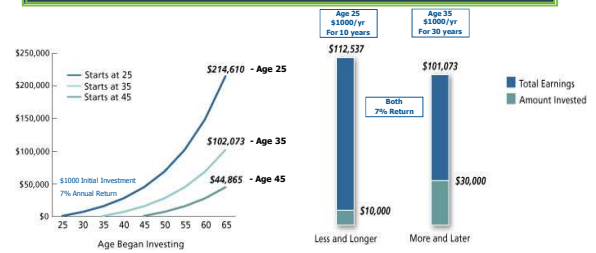
Build wealth and retire early



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Importance of Starting Early



- Compounding interest magnifies returns and allows you to retire early.
- Value of compounded interest is greater than your total amount invested.

Graph: "The Importance of Starting Early," Investment Company Institute, Dec. 2004, 21 Nov. 2007 <www.ici.org>

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Fresh Out of College

- Design an effective plan that outlines your goals
 - Pay yourself first with 5 – 10% of your income
 - Manage your debt and become financially stable
 - Keep 3-6 months worth of income on hand



Optimizing Your Short Term and Long Term Investment Goals

Short-Term Savings Vehicles

- WAMU Savings – very secure earnings based on interest rate
- CD's – Contractual agreement between yourself and a bank, pays higher interest than a savings account
- Money Market Funds – Specialized mutual fund invests in short term bonds

Long Term Investing Vehicles

- Appreciating Assets
 - Bonds – Generate fixed interest payments
 - Stocks – Value is dependent on the success of the firm
 - Mutual Funds – Professionally managed investment vehicle
 - Real Property (house, land)
- 401K and IRA – Exposure to all of the long term investing vehicles

Manage Risk and Generate Stable Returns



What is your tolerance for risk?

Minimize risk by diversifying and investing for the long term.

Passive Vs. Aggressive Investing

Passive



- Sit Back and Relax!
- While there will be ups and down, you are comfortable knowing that gains are consistently positive over a long enough time frame
- Risk Averse

Aggressive



- Proactively research and manage your portfolio.
- Move investments around knowing that gains are based upon trends in the market.
- Risk Tolerant

Take Advantage of Retirement Accounts

- **IRAs: Individual Retirement Accounts**

- Self funded Retirement Accounts
 - Roth Individual Retirement Account
 - Traditional Individual Retirement Account
- Where and how to open an IRAs
 - Local bank, Other financial institutions - [Fidelity](#)
 - ID, Social Security, Source of income

- **401K**

- Retirement Plan through your employer
- Where and How to open 401K
 - Employer
 - Plan setup by employer

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Advantages and Disadvantages Drill-Down

Traditional IRA and 401K

- Advantages:
 - Contributions are tax deductible
 - Traditional IRA - Claimed at year end
 - 401K - Pretax contributions
 - Tax benefits are immediate
- Disadvantages:
 - Contributions withdrew before retirement are tax and penalized
 - Withdrawals are taxed at retirement

Roth IRA

- Advantages:
 - Contributions & earnings withdrew at retirement are tax free
 - Contributions withdrew before retirement are tax-free
- Disadvantages:
 - Contributions are not tax deductible
 - Earnings withdrawn before retirement are penalized

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Common Pitfalls of Investing

- Starting Late
 - Be responsible for you own future. Do not depend on anyone else to take care of you at retirement.
- Investing Before Paying Down Credit Card Debt
- Turning Down Free Money
- Trading In and Out of the Market



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Questions?