



# The Basics of Investing

*Getting started with your goals in mind!*

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## OVERVIEW

This class is all about the basics! We'll explore different goals for investing and how this can help you define your own strategy. We'll answer questions like how is a stock different from a bond? How much risk should I take? How does a mutual fund work? What the heck is an ETF? This class will offer lots of tips about how to take the plunge and get started!

## TAKEAWAYS

- Decide how your goals can affect your investment choices.
- Learn the investing basics: stocks, bonds, and mutual funds.
- Understand how risk and return are related to help you gauge how much risk you're personally comfortable with.

LIST SOME OF YOUR CURRENT GOALS AND WHEN YOU WOULD LIKE TO REACH THEM.

GOAL

TIME HORIZON

[Empty box for goal] → [Empty box for time horizon]

[Empty box for goal] → [Empty box for time horizon]

[Empty box for goal] → [Empty box for time horizon]

[Empty box for goal] → [Empty box for time horizon]

[Empty box for goal] → [Empty box for time horizon]

NAME A TIME WHEN YOU'VE INVESTED YOUR RESOURCES, TIME, OR MONEY.

[Empty box for investment time]

# Risk Tolerance Activity

## STEP 1

CHOOSE YOUR RISK PERSONA WITH YOUR INVESTMENT GOAL IN MIND

### LOW RISK

You're a "play it safe" kind of person—and that's great! Low-risk investments typically put your money in relatively safe places, so there's a greater chance of it being there when you need it. This level of risk is an option for people who prefer peace of mind over the possibility of a windfall.

### LOW-MEDIUM RISK

You've got your feet on the ground, but your eyes on that future goal. This level of risk is a good option for people who are new to investing, but willing to take some cautious risks.

### MEDIUM RISK

You're an adventurer, as long as you're doing it thoughtfully. Medium risk is more ambitious, but still has a focus on safer investments. It's great for people who will zip-line upside down across the tree tops, but draw the line at skydiving.

### MEDIUM-HIGH RISK

Unlike James Bond's dry martini, you're neither shaken nor stirred—at least when it comes to market fluctuations. You know that being a player in the market means making bold moves with an eye toward long-term gain.

### HIGH RISK

You're a grab-life-by-the-horns, go-big-or-go-home type of person. Choosing a higher risk option substantially increases your potential rewards, albeit at a greater level of risk. But you're in it for the long run, so you're OK seeing money move in both directions.

## STEP 2

### DEFINE YOUR TIME HORIZON

Considering your investment goal, when do you expect to start withdrawing money from your investment?

LESS THAN 3 YEARS .....	1 POINT
3-5 YEARS .....	3 POINTS
6-10 YEARS .....	7 POINTS
11 YEARS OR MORE (I'M IN IT FOR THE LONG HAUL) .....	10 POINTS

How long will it take you to spend all of the money from your investment?

NO TIME AT ALL (I PLAN ON MAKING ONE BIG PURCHASE) .....	0 POINTS
2-5 YEARS .....	1 POINT
6-10 YEARS .....	4 POINTS
11 YEARS OR MORE (THINK LONG-TERM RETIREMENT INCOME) .....	8 POINTS

TOTAL POINTS \_\_\_\_\_

*Psst... If you scored less than a 3, think twice about taking on investment risk since you have such a short time horizon!*

## STEP 3

COMBINE YOUR TIME HORIZON SCORE WITH YOUR RISK PERSONA AND SEE WHAT AN EXAMPLE ASSET ALLOCATION MIGHT LOOK LIKE

	LOW	LOW-MEDIUM	MEDIUM	MEDIUM-HIGH	HIGH
3-4 POINTS	A	A	B	C	D
5-6 POINTS	A	B	C	D	E
7-9 POINTS	A	B	C	D	E
10-13 POINTS	B	C	C	D	E
14-18 POINTS	B	C	D	E	E
PORTFOLIO	A	B	C	D	E
STOCKS	10	30	50	70	90
BONDS	90	70	50	30	10



## TAKE ACTION

1. **Start investing, or investing more.** If you've decided that investing is appropriate for your individual goals, check out the PDF on our resources page to learn about ways to manage your investments and decide which works best for you.
2. **Let your account do its thing.** Don't panic and sell at the first sign of market noise. Remember—you are investing for your chosen time horizon.
3. **Revisit your goals.** Taking a fresh look at your goals and accounts from time to time will help you make sure they continue to be invested appropriately.



## SOCIETY OF GROWNUPS RESOURCES

### INVESTING RELATIONSHIPS

Use this PDF to learn about ways to manage your investments and decide which works best for you.



## THIRD-PARTY RESOURCES

### MORNINGSTAR

Use Morningstar, an independent investment research firm, to evaluate thousands of investments including stocks, bonds, and mutual funds.

### NERDWALLET

If you're looking for an online broker, try using this screener to evaluate thousands of providers.

### THE BOGLEHEADS' GUIDE TO INVESTING

by Taylor Larimore, Mel Lindauer, and Michael LeBoeuf

Check out this DIY handbook that espouses the investment wisdom of John C. Bogle.



## SUGGESTED CLASSES

### SPENDING PLANS: A BETTER WAY TO BUDGET

*Learn a whole different way of looking at your money, and get tips for making sure you're really spending on what matters to you.*

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