

# **Investor Education in Your Workplace®**

## **Course Overview**

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## Saving and Investing

Before you start investing, it is wise to make sure your money management skills are in order. This means learning to budget if you need to. This course lays some groundwork for your savings skills. Beyond budgeting, we will also look at how you can set up an emergency fund for unforeseen expenses and how you can automate your savings and investing.

Objectives:

- Identify uses for an emergency fund
- Determine how much to put into an emergency fund
- Identify the advantage of using an income-oriented investment for your emergency fund
- Identify accounts that are not suitable for emergency funds
- Identify sources of money for an emergency fund
- Identify advantages of using a budget
- Explain how to make a budget
- Distinguish discretionary from non-discretionary expenses
- Explain how to economize expenses
- Understand the roles of taxes and inflation in a personal budget
- Calculate the number of years required for a given price to double, using the Rule of 72
- Explain how automatic savings or investment plans can help you build wealth
- Explain how to set up an automatic savings or investment plan
- Identify investments that are suited to automatic savings or investment plans
- Explain how retirement plans benefit from automatic investment plans

## Personal Finance

What kind of future do you dream about? Do your dreams include a new home? A good education for you or your children? A secure retirement? Personal finance is all about managing your money to help make your dreams come true. No one can predict the future, but there are steps you can take today to build your wealth and protect it from unnecessary losses. This lesson plan will introduce you to personal finance and help you make better decisions about your money options. Learn about budgeting, goal setting, simple and compound interest, and how to use deposit accounts for effective financial planning. This lesson plan is ideal for those seeking a good foundation for more in-depth personal finance topics.

Objectives:

- Identify factors involved in personal financial planning
- Identify four ways to manage risk
- Explain how savings fit into personal financial planning
- Explain how investments fit into personal financial planning
- Explain why inflation occurs
- Identify factors that cause interest rates to change
- Define compound interest and simple interest
- Explain how investing early and often can increase your earnings through compounded interest
- Calculate compound interest
- Identify the advantage of using tax-sheltered accounts for building compounded interest
- Identify types of deposit accounts
- Identify advantages and disadvantages of deposit accounts
- Identify uses for deposit accounts in your financial planning

## Investing Basics

The Investing Basics course is a starting point for anyone who wants the kind of introduction that will not only make sense of broad topics but also enable further study in investment strategies and particular investments. Learn about investment goals, common investment vehicles like stocks and bonds, how investments earn money, and how to create a portfolio that works for you. Whether you want to manage your own investment portfolio or contribute to your 401(k) program at work, this lesson plan will help you understand your investment goals and options so that you can make the best decisions for your financial future.

### Objectives:

- Recognize the importance of clarifying investment goals
- Explain why clarifying investment goals contributes to investment success
- Identify factors to evaluate when setting investment goals
- Explain why people invest for income or growth
- Identify investments suitable for income or growth
- Distinguish among various investment alternatives
- Identify earnings provided by investments
- Identify reasons why investors choose particular investments
- Explain how stocks and bonds earn money
- Calculate the total return on a stock
- Explain how to allocate investment assets for small, intermediate, and long-term goals

## Investment Strategies

Whatever you want to get out of investing, be it a secure retirement, a house, education, or whatever else, good investment strategy is about knowing how to allocate your funds wisely. There are several tried-and-true methods used by millions of investors to build wealth. These methods include the various formula investment plans, including dollar-cost averaging. To assist you in learning about formula investing, there are tutorials on diversification and bull and bear markets; these give you a sense of how the larger market works.

Objectives:

- Define bull market and bear market
- Explain how you can invest successfully during a bull market and a bear market
- Identify tools used to predict bull and bear markets
- Explain how to diversify a portfolio
- Distinguish systematic from unsystematic risk
- Explain how diversifying investments across companies and asset classes reduces risk
- Identify advantages and disadvantages of diversification
- Explain how dollar cost averaging works
- Identify advantages and disadvantages of dollar cost averaging
- Calculate average price per share
- Identify investment goals that require long-term investing
- Identify investments that are suitable for long-term investing
- Identify strategies used in long-term investing
- Identify advantages and disadvantages of long-term investing

## Investment Risks

Every investor needs to understand the risks of putting his or her money into an investment. Not only are risks built in to investments to varying degrees, but there are frauds and scams lurking around the corner. This course looks at investment risks and risk tolerance, ending with several types of investment scams to watch out for.

Objectives:

- Identify types of business, market, political, economic, and investment timing risks
- Distinguish between risk tolerance and risk aversion
- Determine your own risk tolerance
- Explain how conservative, aggressive, and moderate investors approach risk
- Explain how diversification manages risk
- Explain how asset allocation manages risk
- Explain how understanding your investment time horizon can help you increase your risk tolerance

## Retirement Planning

For many of us, our retirement plan is the biggest thing for which we plan and spend. With a good introduction to retirement planning, and perhaps some professional help, a secure future can be achieved with less pain than you might think. In this lesson plan, we will read a few introductory tutorials on retirement planning. We will cover the importance of knowing retirement goals and resources, important retirement terminology, and determining retirement needs.

### Objectives:

- List questions to ask when planning your retirement
- Identify factors to consider when planning for retirement
- Recognize compounding and tax deferral of earnings as ways to increase retirement funds
- Recognize tax deferral of earnings as a way to increase retirement funds
- Define important terms used in retirement planning
- Distinguish the traditional IRA from the Roth IRA
- Identify allowed funding vehicles for IRAs
- Identify the deadline for contributing to an IRA
- Identify the tax penalty on excess IRA contributions
- Identify premature withdrawal situations that will not result in tax penalties
- Recognize options for taking IRA withdrawals
- Explain how matching and elective contributions are made to a 401(k) plan
- Identify allowable situations for 401(k) plan distributions
- Distinguish between a traditional 401(k) plan and a Roth 401(k) plan



## Retirement Plan Options

If you have a retirement plan and want to know more about it, or if you do not have a plan and want to know the most common options available, this course is for you. Here we will look at individual retirement accounts, 401(k) plans, 403(b) plans, 457 plans, and defined-benefit plans. This section will enable you to study more detailed retirement plan concepts later on, if you choose.

Objectives:

- Distinguish the traditional IRA from the Roth IRA
- Identify allowed funding vehicles for IRAs
- Identify the tax penalty on excess IRA contributions
- Identify premature withdrawal situations that will not result in tax penalties
- Recognize options for taking IRA withdrawals
- Explain how matching and elective contributions are made to a 401(k) plan
- Identify allowable situations for 401(k) plan distributions
- Distinguish between a traditional 401(k) plan and a Roth 401(k) plan

## Mutual Funds

Millions of Americans have chosen mutual funds to save for their retirements and to reach other financial goals. Mutual funds are popular because they are ready-made portfolios of stocks and/or bonds; thus, they offer diversification as well as professional management of your money. The Investing in Mutual Funds course is an introductory lesson to this popular investment. This plan covers not only the basics, but also the kinds of earnings you can expect to receive from mutual funds, the expenses you may need to pay, and the many types of funds you can choose from.

### Objectives:

- Give examples of diversified portfolios
- Explain how diversification is built in to mutual funds
- Explain how to buy and redeem mutual fund shares
- Identify types of mutual fund income
- Identify expenses paid by mutual fund investors
- Identify several types of mutual funds
- Explain how income funds, growth funds, sector funds, balanced funds, and index funds work

## Financial Advisors

Although many investors feel they can invest on their own, millions find that the services of investment professionals make all the difference in how successful they are. Financial advisors and planners help you assess your goals and your resources, map out a plan that gets you the most bang for your buck, and give you the kind of research you need to make solid decisions. In this lesson plan, learn the types of financial advisors to choose from, what they do, and what questions you should ask to get the best help.

### Objectives:

- Identify services performed by investment advisors
- Identify ways that investment advisors are compensated for their services
- Recognize advisor associations as sources for finding an investment advisor
- List questions to ask a prospective investment advisor
- Identify common credentials for investment advisors
- Identify roles of financial planners
- Identify ways that financial planners are compensated for their work
- Distinguish types of financial planners from each other
- Identify advantages of using a financial planner
- Identify questions you can ask a financial planner
- Recognize financial planner associations as sources for finding planners

## Putting It All Together

This course offers additional learning. There are two tutorials on how to find information on investment opportunities. They cover common sources of investor information and how to find investment-related information on individual companies.