A University of Hawai'i Cooperative Extension Service Project

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Course Objectives

- Increase your knowledge about financial planning
- Improve your ability to make informed decisions

Saving & Investing IV

Presenter

Take Charge of Your Money

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Lesson Objectives

- Learn how to match your saving goals with investment types
- Become aware of how you feel about risk
- Discover how you can put this together to make a financial plan

Investment Time Frame

Match each saving goal with investment and time frame:

- Money market funds with short term and some intermediate goals
- Bonds and stocks with long-term goals

Investment Changes & Fees

- As the goals becomes closer the type of investment may change
- Beware of fees charged for financial services, initiating investments and changing investments

Types of Investments

	Types	Investment Type
1	Low, almost guaranteed return; immediate to access funds	CDs; T-bills, T-notes and T-bonds; Money market funds; FDIC insured accounts; fixed rate annuities
2	Low to moderate risk; small variation in average return; relatively easy to access funds	Municipal and corporate bonds; Bond mutual funds; Ginny Maes; Zero-coupon bonds
3	Moderate to high risk; larger variation in average returns; more difficult to access funds	Stocks, stock mutual funds; Index funds; High-yield bond funds; Variable annuities; Exchange traded funds
4	High risk; High average returns that have large variation; may be very difficult to sell	Small-cap, sector, International, emerging market, and precious metal mutual funds; Penny stocks; Commodities

Loanership versus Ownership

Two basic ways to invest:

- Make a loan to a company or the government and be paid back the principal plus interest
- Purchase an asset whose value will change over time

Finding Your Comfort Zone

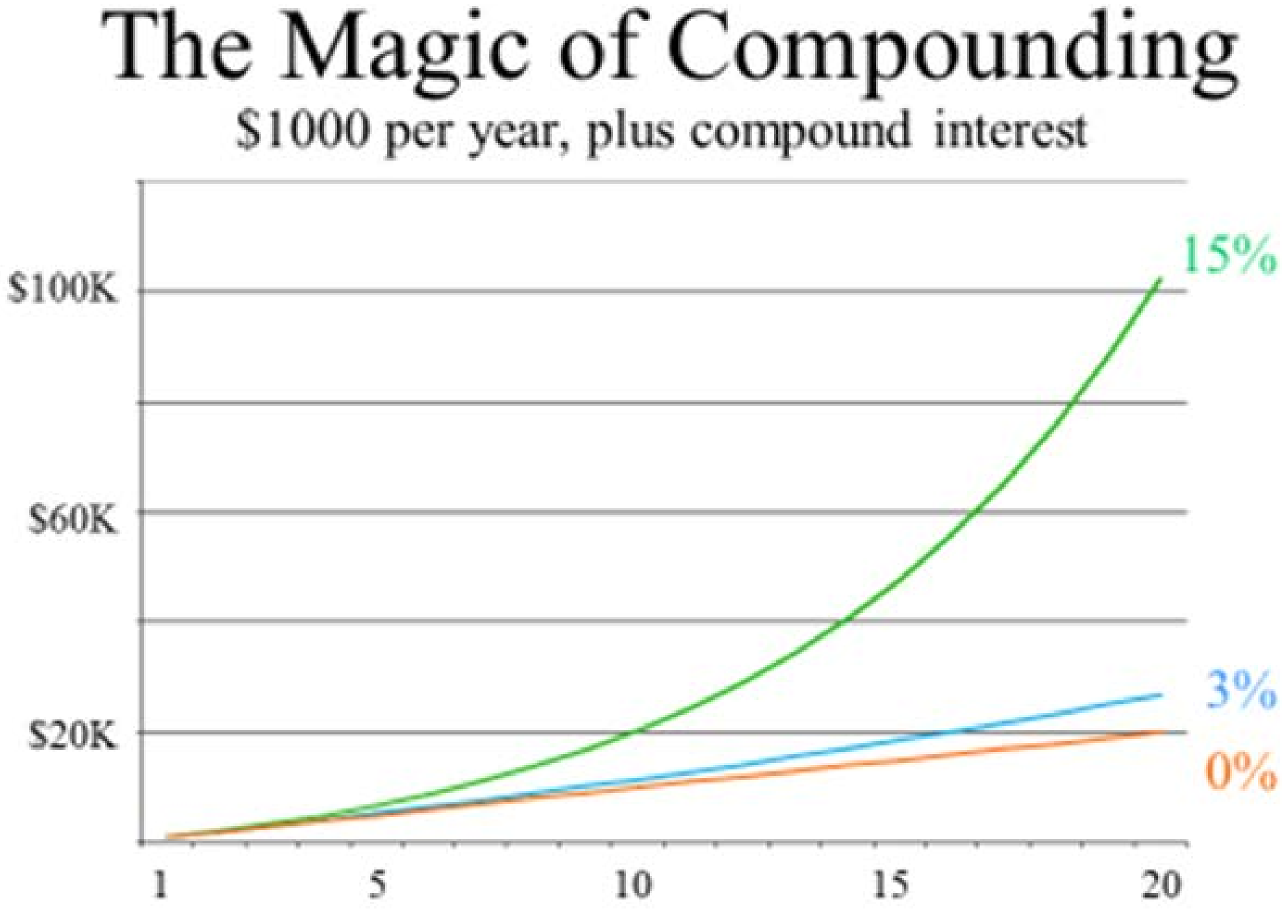
- Understand how you feel about risk
- Decide where do you fall
  - Conservative
  - Moderate
  - Aggressive
- Use the assessment tools available on the web

Investment Strategies

- Shop around
- Tax free investments produce increased returns
- If it sounds to good to be true, it is. Higher than average returns come with a large risk of a loss
- The most important thing is to keep saving and investing

Compounding

Take Charge of Your Money



Putting It All Together

- Forecast all your saving and investing right up to distribution
- Financial calculations are needed that forecast how much wealth you will have each year
- Many types of financial calculators are available on the web

Putting It All Together

- A good financial planner should also complete these calculations with you
- Remember these calculations are still part of a plan so if things do not look good, you can change them before making any final decisions

Website & TV Channels

Take Charge of Your Money$_4$

- Visit Us

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- TV channels
    - 354
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Credits

We would like to thank the following groups for their support:

- University of Hawai'i at Mānoa
  - College of Tropical Agriculture & Human Resources, Cooperative Extension Service
    - Department of Family & Consumer Sciences
    - Department of Natural Resources & Environmental Management
  - Information Technology Services-Academic Technologies