



Financial Literacy with Mr. 401(k)  
Spring Term 2026  
May 14, 2026

# Getting Started with Investing

## **Class 26: Smart Investing - Growing Your Money for the Future**

Financial Literacy with Mr. 401(k) ("FinLit with Mr. 401(k)") © 2026 PETROS.  
Licensed under CC BY 4.0: <https://creativecommons.org/licenses/by/4.0/>  
Source: <https://petros.us/about-finlit>




# From Module 5 to Module 6

*The bridge from Time & Money to Getting Started with Investing*

## Module 5 Proved that...

### Inflation Destroys Your Purchasing Power

The U.S. Dollar is like a melting ice cube.   
Its value melts away, buying less each year.

### Compounding builds wealth

Time + a return = exponential growth 

## Module 6 Answers this...

### How do you actually capture that exponential growth?

Today: investing, the bridge from saving to building wealth

Saving



Building Wealth

# Recap: How does inflation affect us?


*The stuff we need and want costs more over time*



## 96.9%




**Purchasing power lost since 1913**

The year the U.S. Federal Reserve Act was signed into law 

## 31.3%



**Purchasing power lost since 2012**

The year many of the students in this classroom were born 

## Why this matters today

If you keep your money in cash, or low interest savings, **you lose purchasing power every year**, even when nothing else changes.

To beat inflation, your money must **grow faster than prices rise**.

**That is the case for investing.**

# What Is Investing

*Think of it as putting your money to work for your future self*



## Investing

The transfer of value today, in exchange for what an **investor** **expects** to have **greater value** in the future, while accepting that outcomes are not guaranteed.



### What You Trade Today

You choose not to spend money now

When you invest, you use money today instead of buying something with it right away. It's different than saving because the value is uncertain. That choice is called a tradeoff.



### What You Hope to Get Later

More value in the future

An investment might become worth more, pay you money along the way, or both. But it can also lose value, so the result is not guaranteed.

**“...all you are doing in investing is transferring some money to somebody now in exchange for what you expect the stream of money to be...”**

**— Warren Buffett**

Berkshire Hathaway Annual Meeting, 1994

 [Watch the Video Clip](#)



# Saving vs. Investing: Two Different Jobs



## SAVING

### Preservation of capital

Keep what you have. Low risk, low return. Unlikely to beat inflation.

**Examples:** savings accounts, CDs, cash-like funds.

**Job:** fund short-term needs (the next emergency, the next vacation, the down payment).



## INVESTING

### Deployment of capital

Grow what you have. Higher risk, higher potential return.

**Examples:** stocks, bonds, real estate, businesses.

**Job:** build long-term wealth (the years and decades when compounding does its work).

# The Menu: Where Investors Put Money

*Six investment types – each generates returns in its own way*

## Stocks

Ownership in a business.

**Return:** price appreciation + dividends.

## Bonds

Lending money to a borrower.

**Return:** interest income + return of principal.

## Real Estate

Owning physical property.

**Return:** price appreciation + rent.

## Private Business

Owning what you build (or buy).

**Return:** value creation + profits.

## Commodities

Raw materials — crude oil, natural gas, gold, silver, wheat.

**Return:** price appreciation only.

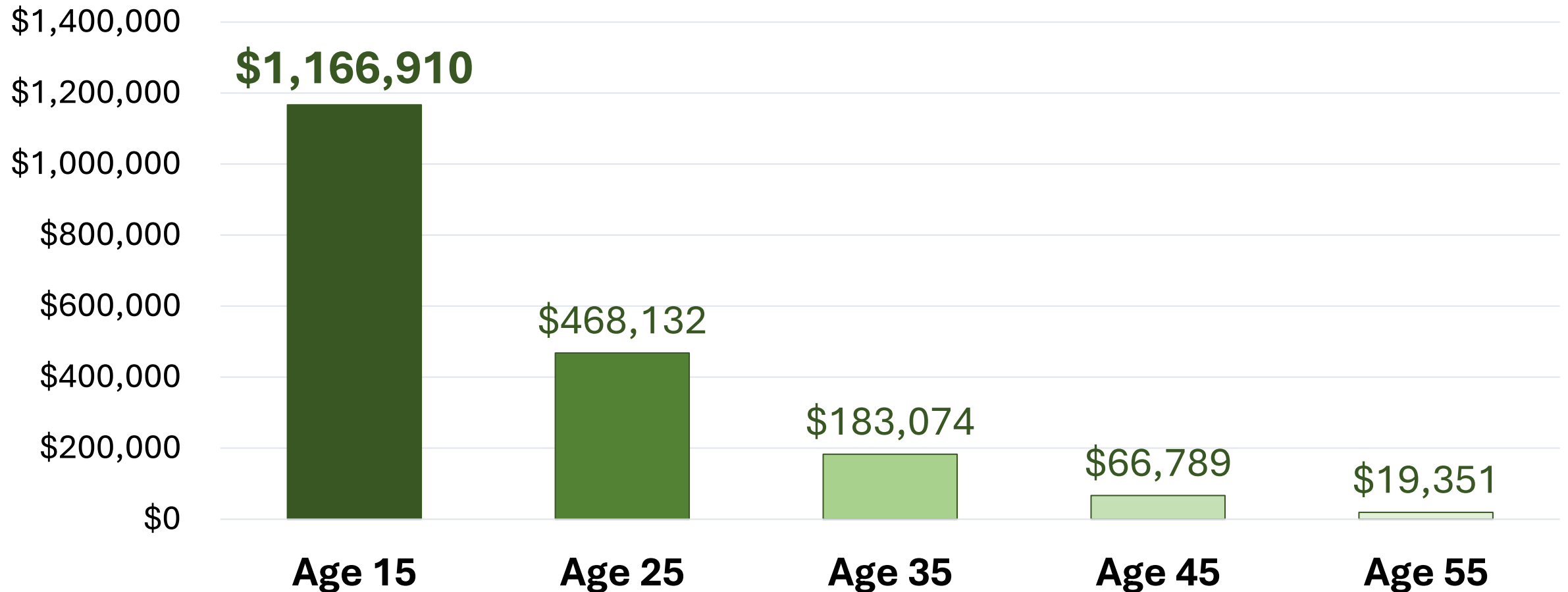
## Digital Assets

Bitcoin and other digital tokens (Class 21).

**Return:** price appreciation only.

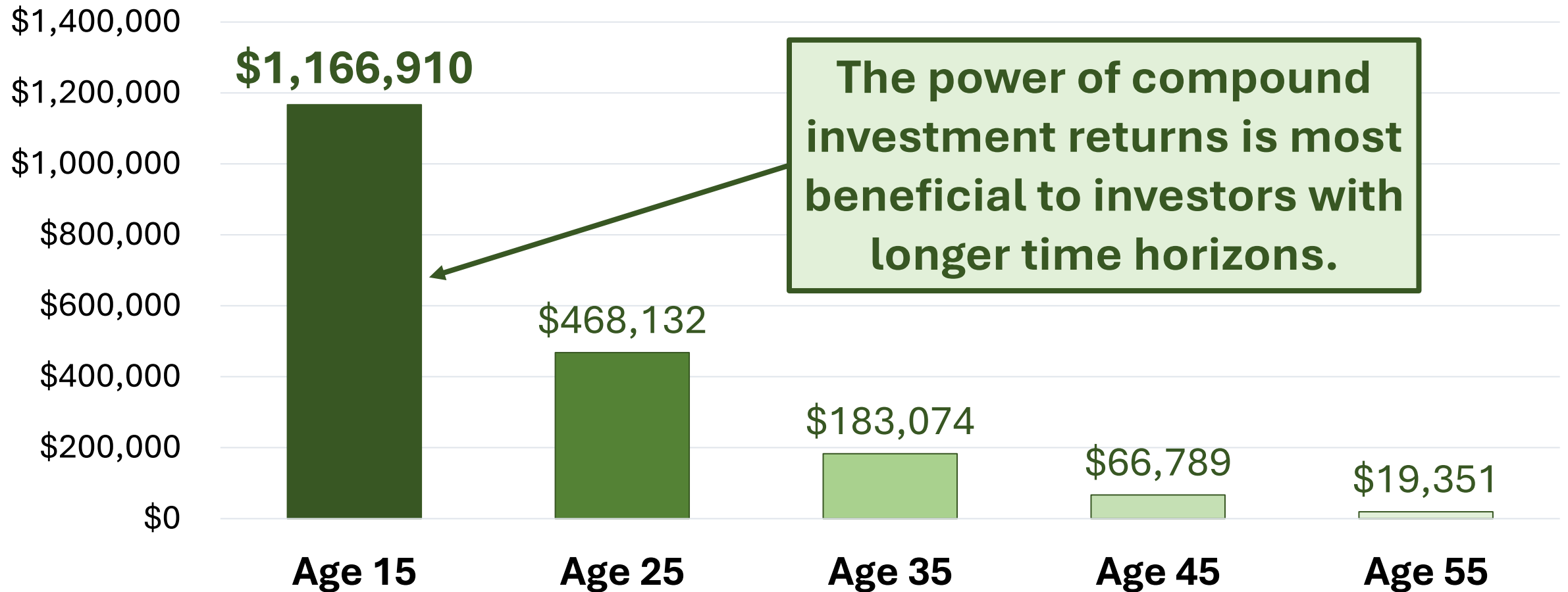
# Time is an Investor's Superpower

Invest \$100 per month until age 65 in a portfolio earning 9% annual investment returns, compounded monthly.



# Time is an Investor's Superpower

Invest \$100 per month until age 65 in a portfolio earning 9% annual investment returns, compounded monthly.



# Practical Application



**Charles Schwab** Vanguard Total Stock Market Index Fund ETF Shares VTI: NYSE Arca

Report generated on 05/10/2026, 10:22PM

**PRICE** \$362.87 **TODAY'S CHANGE** \$+2.67 (+0.74%)

**QUOTE SUMMARY** as of close 05/08/2026

Day's Range \$361.47 - 363.13  
 52 Week Range \$276.50 - 363.13  
 Average Volume (10 Day) 3,100,098.20  
 SEC Yield 1.17%  
 Distribution Yield 1.06%  
 Previous Ex-Date 03/27/2026  
 Previous Pay Date 03/31/2026

**FUND PROFILE** as of 05/24/2001

Inception Date 05/24/2001  
 Category Large Blend  
 Fund Family Vanguard  
 Total Assets \$2,202.8 Billion  
 Gross Expense Ratio 0.03%  
 Net Expense Ratio 0.03%

A net expense ratio lower than the gross expense ratio may reflect a cap on or contractual waiver of fund expense. Please read the fund prospectus for details on limits or expiration dates for any such waivers.

**Morningstar Rating** as of 04/30/2026

Overall Rating **★★★★** Out of 1201 Funds  
 3 Year Rating **★★★★** Out of 1201 Funds  
 5 Year Rating **★★★★** Out of 1116 Funds  
 10 Year Rating **★★★★** Out of 881 Funds

Historical Return Low High  
 Historical Risk Low High

**MARKET EDGE SECOND OPINION** as of 04/30/2026

Market Edge Second Opinion® **LONG**  
 CONFIDENCE RATING: 2.8

Market Edge Power Rating **98**  
 WEAKER STRONGER

Market Edge Score **10**  
 DETERIORATING IMPROVING

Stock is a Buy.

Performance data quoted represents past performance and does not indicate future results. Visit schwab.com for month-end performance information. Current performance may be lower or higher. Investment value will fluctuate, and shares, when redeemed may be worth less than original cost. Please visit http://schwab.com for more recent performance information.

Investors in ETFs should consider carefully information contained in the prospectus, including investment objectives, risks, charges and expenses. You can request a prospectus by calling 800-435-4000. Please read the prospectus carefully before investing.

© 2026 Charles Schwab & Co., Inc. (0815-5261) Page 1 of 3

**Charles Schwab** Vanguard Total Stock Market Index Fund ETF Shares VTI: NYSE Arca

Report generated on 05/10/2026, 10:22PM

**PRICE** \$362.87 **TODAY'S CHANGE** \$+2.67 (+0.74%)

**CUMULATIVE GROWTH OF \$10,000 INVESTMENT** as of 04/30/2026

VTI \$39,515 | Large Blend \$34,078 | S&P 500 TR USD \$41,379

**PORTFOLIO OVERVIEW** as of 04/30/2026

Total Number of Holdings 3520  
 Non-Diversified Portfolio No  
 Portfolio Turnover 3%  
 Distinct Portfolio No

**SECTOR WEIGHTINGS** as of 04/30/2026

Sector Name	YTD Perf (%)	% of Assets
Information Technology	+16.5	30.8
Financials	-5.7	12.8
Industrials	+12.4	10.5
Health Care	-6.7	10.1
Consumer Discretionary	+3.2	9.8
Communication Services	+12.0	9.5
Consumer Staples	+9.6	5.0
Energy	+24.9	4.2
Utilities	+4.7	2.5
Real Estate	+10.1	2.4
Materials	+12.4	2.3

**ASSET BREAKDOWN** as of 04/30/2026

	% Long	% Short	% Net
Domestic Stock	98.8	0.0	98.8
Non-US* Stock	0.63	0.0	0.63
Cash	0.51	0.09	0.42
Other	0.15	0.0	0.15

\*Non-US assets include assets without a specific country classification

**MARKET CAPITALIZATION** as of 04/30/2026

Cap Size	% of Assets
Giant Cap	40.48%
Large Cap	31.37%
Medium Cap	19.51%
Small Cap	6.41%
Micro Cap	2.23%

**Tax Analysis** as of 04/30/2026

	YTD	1 MO	3 MO	6 MO	1 YR	5 YR	10 YR	SINCE INCEPT
Load Adjusted Total Returns	+6.0	+10.4	+4.3	+6.2	+31.3	+11.9	+14.7	+9.3
SEC Pre-Liquidation Market Returns	+5.9	+10.4	+4.2	+6.1	+30.9	+11.4	+14.1	+9.0
SEC Post-Liquidation Market Returns	+3.6	+6.2	+2.8	+3.8	+18.6	+9.3	+12.1	+8.1
Tax Cost Ratio Market Returns	-	-	-	-	+0.4	+0.4	+0.5	-

**Rank Within Category For Annual Total Return %** as of 03/31/2026

Rank within Category compares this fund's total annual return to that of other funds in the same category, and its figures are not adjusted for load, sales charge, or taxes.

	YTD	1 MO	3 MO	6 MO	1 YR	5 YR	10 YR
Category	> 25%						
Category Average	< 25%						

**Top Ten Holdings** as of 03/31/2026

Symbol	Company Name	Industry	Percent of Assets
NVDA	NVIDIA Corp	Semiconductors & Semiconductor...	6.41%
AAFL	Apple Inc	Technology Hardware, Storage...	5.93%
MSFT	Microsoft Corp	Software	4.37%
AMZN	Amazon.com Inc	Broadline Retail	3.2%
GOOGL	Alphabet Inc Class A	Interactive Media & Services	2.66%
AVGO	Broadcom Inc	Semiconductors & Semiconductor...	2.33%
GOOG	Alphabet Inc Class C	Interactive Media & Services	2.11%
META	Meta Platforms Inc Class A	Interactive Media & Services	1.99%
TSLA	Tesla Inc	Automobiles	1.66%
BRK/B	Berkshire Hathaway Inc Clas...	Financial Services	1.36%

Fund holdings subject to change and not a recommendation to transact in any security.

© 2026 Charles Schwab & Co., Inc. (0815-5261) Page 2 of 3

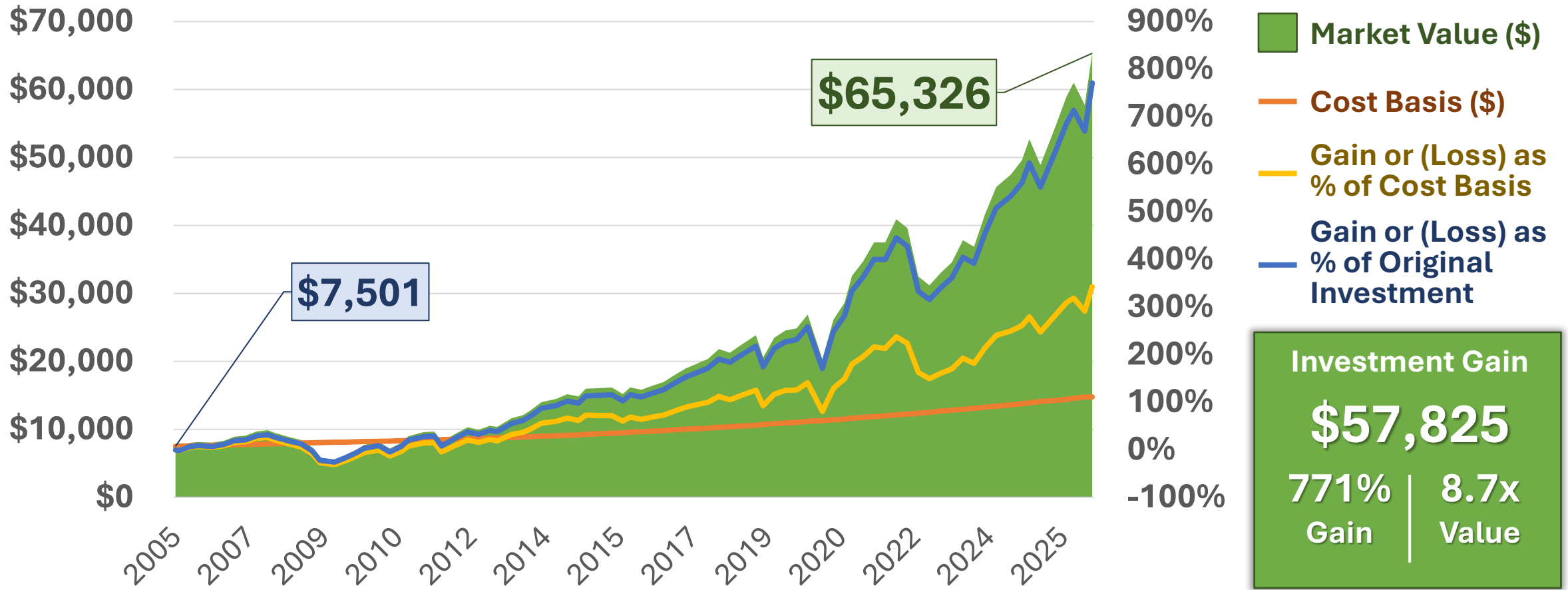
Reference the handouts of the Vanguard Total Stock Market Index Fund ETF Shares (VTI)

Read aloud the:

1. Fund Strategy
2. Fund Profile
3. Top Ten Holdings

# Practical Real-World Example

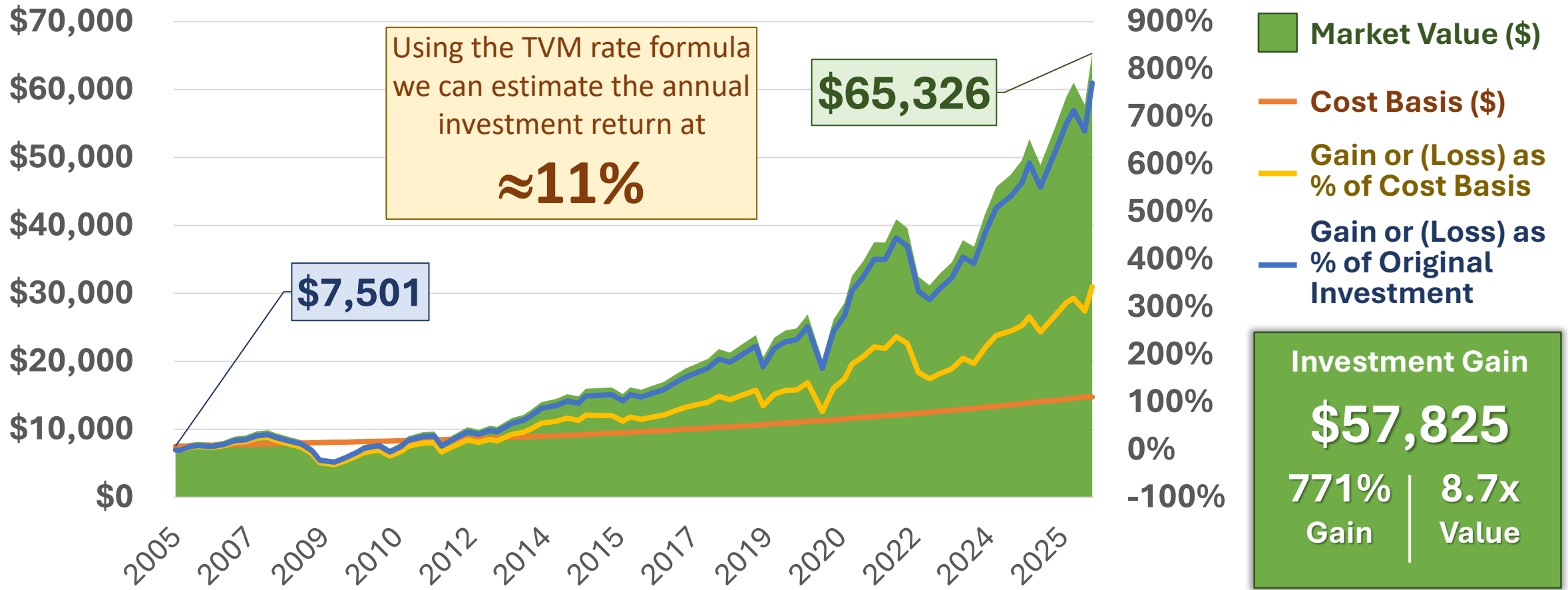
Vanguard Total Stock Market Index Growth (Ticker: VTI)



One of your instructor's clients invested **\$7,500** in VTI in September 2005. The client reinvested all dividends back into VTI. **As of May 8, 2026**, the investment had grown to **over \$65,000!**

# Practical Real-World Example

Vanguard Total Stock Market Index Growth (Ticker: VTI)



One of your instructor's clients invested **\$7,500** in VTI in September 2005. The client reinvested all dividends back into VTI. **As of May 8, 2026**, the investment had grown to **over \$65,000!**



# Class Discussion

Imagine you put \$100 into a single company's stock. What are 2 things that could make that \$100 grow and 2 things that could make it shrink or disappear.



# Two Categories of Investment Risk

*Outcomes are not guaranteed; you can't control everything*



## Risks You Can Control

**Risks tied to an individual investment or a specific business.**

**Example:** A major toy retailer goes bankrupt because of too much debt and shifting customer habits. If you owned only that one stock, you took the loss.

**How to manage it:** pick carefully, and don't put all investments in one place.

**Jargon term:** idiosyncratic or unsystematic risk.



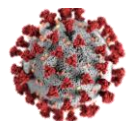
## Risks You Can't Control

**Risks that hit the entire market, every investment, all at once.**

**Example:** A global pandemic shuts down the economy in 2020. Almost every stock falls together. Picking carefully wouldn't have helped.

**How to manage it:** time in the market, and a long horizon.

**Jargon term:** systematic or market risk.





# *Class Discussion*

*You just heard about idiosyncratic risk; the kind tied to one company. If you wanted to reduce that kind of risk, what's one thing you could do?*



# What Is Diversification

*Think of it as **NOT** putting all your eggs in one basket*



## Diversification

A **risk-management strategy** that spreads money across **many different investments**. If a few investments do poorly, the others can cushion the loss, so no single bad outcome wipes you out.



### Why It Helps

One bad investment won't break every egg

If one company fails, you still own the others. If one industry slumps, others may be doing fine. If U.S. stocks fall, bonds or international stocks may hold up.



### How To Do It

Own different "boxes" of investments

Different types: stocks, bonds, real estate.  
Different companies within each type.  
Different industries (e.g. tech, energy, healthcare.) Funds (Class 28) make this easy.

**⚠ Diversification doesn't eliminate risk.** It spreads it out, so no single bad outcome wipes you out.



## *Class Discussion*

*If investing can be risky, why doesn't everyone just keep their money in a savings account?*

# Importance of Investing



## **Inflation Erodes Purchasing Power**

---

We learned from the time value of money that inflation causes money to lose value over time. People need to grow incomes faster than inflation to expand their purchasing power



## **Life Event Planning**

---

Investing enables people to plan for and finance major life events like paying for college, purchase a vehicle, purchase a home, start a business, start a family, plan for retirement, etc.



## **Wealth Accumulation**

---

Investing can create a more secure financial future through asset appreciation, passive income, and portfolio income. If  $\text{passive income} > \text{expenses}$ , then work becomes optional.

# Investment Risk & Return Tradeoff

*More risk = bigger potential reward, but bigger potential loss.*



⚠️ **All investments carry risk.**

Even "safe" ones carry inflation risk over the long run.

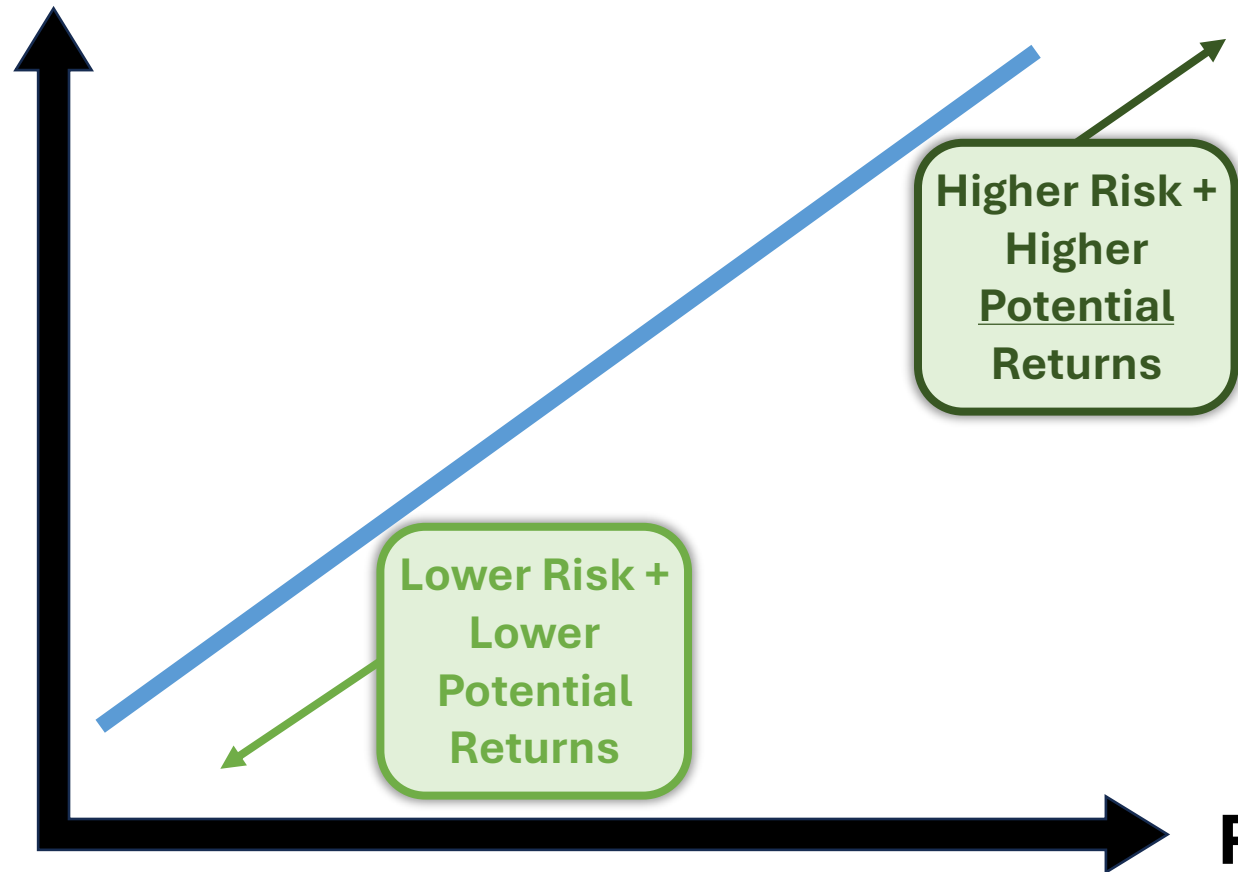
📈 **Higher risk →**

higher potential returns.

🐢 **Lower risk →**

lower returns.

**Returns**



⚖️ The tradeoff between investment risk and return helps investors decide what to do with their money.



# Class Discussion

Imagine you put \$100 in a piggy bank today, sealed it, and opened it 50 years from now. The same \$100 bill is still inside. Would you be richer, the same, or poorer than you are today? Why or Why not?



# Your Business is an Investment

## Business Plan Project, looked through Module 6's lens



### You are the first investor

When you start a business, you and your team put in **capital**: your time, your savings, the supplies you buy. Every hour you spend building is an hour you didn't spend somewhere else. That's an investment.



### A business is an equity investment

Stocks are ownership in a business. Your business is **your** ownership in a business. Its value goes up (or down) with what you build, what you earn, and what customers are willing to pay.




### Business Plan Project from here


Think about your group's business as an investment. **What is the return you expect?** Profits? Wages? The chance to learn something? All three? **What risks are you taking?**



# Three Key Takeaways

 **Start Investing Early** – The earlier you invest, the more your money can grow over time thanks to compound interest.

 **Diversification Reduces Risk** – Spreading money across different types of investments may help protect you from big losses.

 **Investing and Saving are Different** – Savings helps preserve the value of your money, but will lose purchasing power to inflation whereas investing helps you to grow your purchasing power, but comes with risk and uncertainty.



## Where to Learn More

- [Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!](#) By Robert T. Kiyosaki
- [Financial Literacy for Young Adults Simplified: Discover How to Manage, Save, and Invest Money to Build a Secure & Independent Future](#) by Raman Keane
- [What is Investing? A Simple Explanation for Kids and Teens \(easypeasyfinance.com\)](#) via Easy Peasy Finance

X @PETROS\_USA

in <https://linkedin.com/in/petrosk>

**Learn it. Earn it. Own it. Grow it.**

Teaching young people how  
money really works

**Financial Literacy with  
Mr. 401(k)**

<https://petros.us/about-finlit>

