

Financial Literacy with Mr. 401(k) Winter Term 2024 - 2025 February 24, 2025

Getting Started with Investing

Class 24: Smart Investing - Growing Your Money for the Future



Monday Money Matter\$

Bybit is a cryptocurrency exchange, which is a platform where people trade digital currency. Last week, hackers stole a huge amount of Ether—a type of digital money used on the Ethereum network—from Bybit during a transfer. The stolen funds totaled \$1.5 billion. In just three days, Bybit received nearly 447,000 Ether tokens through emergency loans and deposits to help replace the lost funds. Even though an audit confirmed that Bybit now has enough money, recovering all stolen funds remains a big challenge.

Source: CNBC; https://www.cnbc.com/2025/02/24/bybit-replenished-reserves-after-recordbreaking-1point5-billion-hack.html; Reference Date: February 24, 2025



The transfer of value today, in exchange for what an investor expects to have greater value in the future.

Investing

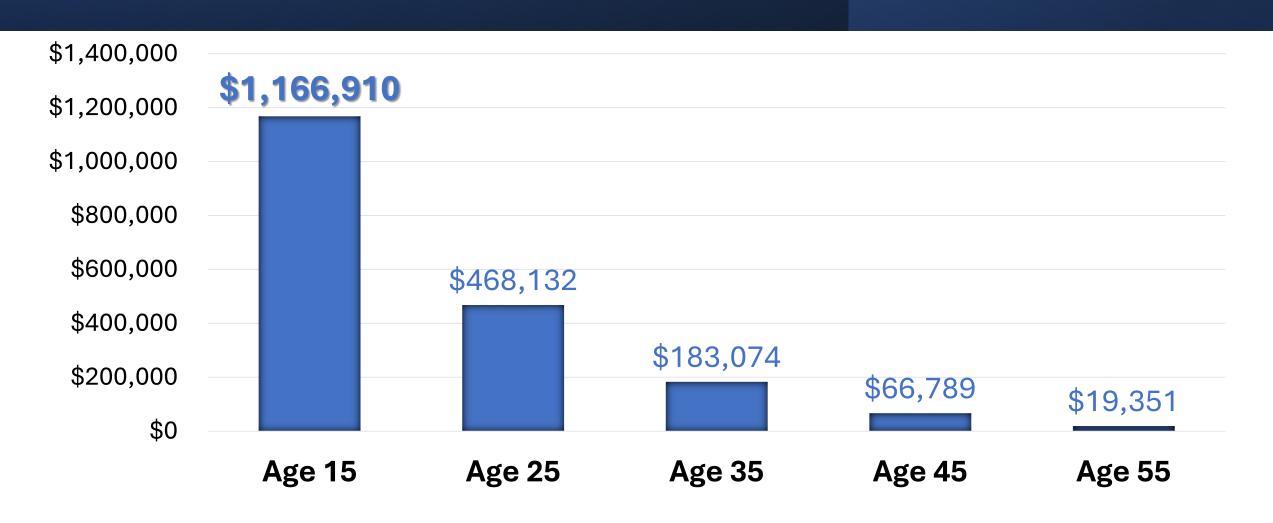
"...all you are doing in investing is transferring some money to somebody now in exchange for what you expect the stream of money to be..."

Warren Buffett



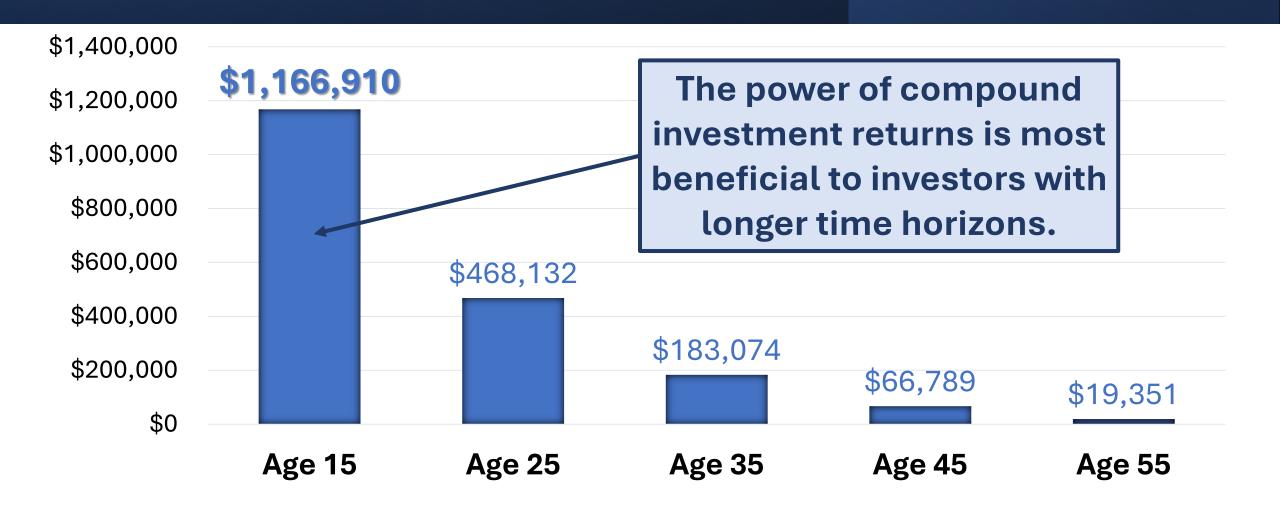
Young People Have Investing Advantages

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



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Practical Application





The investment seeks to track the performance of the CRSP US Total Market Index that measures the nvestment return of the overall stock market. The fund employs an indexing investment approach designed to track the performance of the index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks. It invests by sampling the index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key characteristics. The fund is non-diversified.

Performance Returns							Data as	of 01/31/2025
	Cumulative Returns %			Annualized Returns %				
This section contrasts the Vanguard Total Stock	YTD	1 Mo	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr	Since Inception
Market Index Fund ETF Shares (VTI) to its benchmarks								209
_		100						109
Vanguard Total Stock Market Index Fund ETF Shares Market	+3.0	+3.0	+6.6	+10.2	+26.2	+14.5	+13.2	+9.1
VTI NAV	+3.1	+3.1	+6.6	+10.3	+26.2	+14.5	+13.2	+9.0
Large Blend Morningstar Category	+3.4	+3.4	+5.8	+9.0	+23.5	+13.7	+12.3	-
S&P 500 TR USD Broad-Based Index	+2.8	+2.8	+6.2	+10.1	+26.4	+15.2	+13.8	+11.2
Morningstar US Market TR USD Best Fit Index	-	-	-	-	-	-	-	-



rmance 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

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

Schwab Exchange Traded Funds Report Report generated on 02/24/2025, 02:08PM PRICE TODAY'S CHANGE \$+0.45 (+0.15%)

\$293.89 - 297.34 \$244.57 - 303.39
\$244.57 - 303.39
2,943,484.57
1.21%
1.23%
12/23/2024
12/28/2024

FUND PROFILE	
Inception Date	05/24/2001
Category	Large Blend
Fund Family	Vanguard
Total Assets	\$1,837.4 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 details on limits or expiration dates for any such

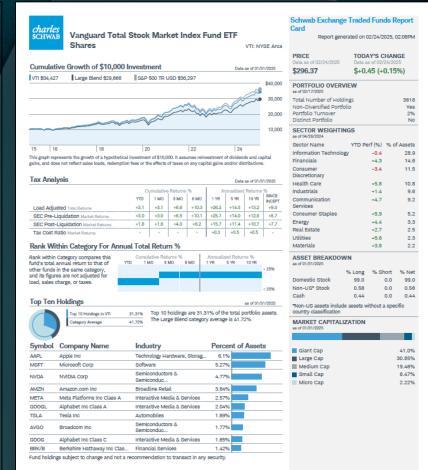


Past performance is no guarantee of future results. The ratings reflect historical risk-adjusted performance and the overall rating is derived from a weighted average of the fund's 3, 5 and 10 year

Morningstar Ra	iting metrics.			
MARKET ED 0 as of 10/09/2024	GE SECOND OPI	NION ®		
Market Edge S	econd Opinion®			
AVOID	NEUTRAL	LONG		
Market Edge P -60	ower Rating	100		
WEAKER		STRONGER		
Market Edge S	core	2 3 4		
DETERIORATIN	IG.	IMPROVING		

if you are long, close position or monitor stock closely. Stock is Not a Short Sell Candidate. Stock shows Strongly Deteriorating Conditions. SCORE

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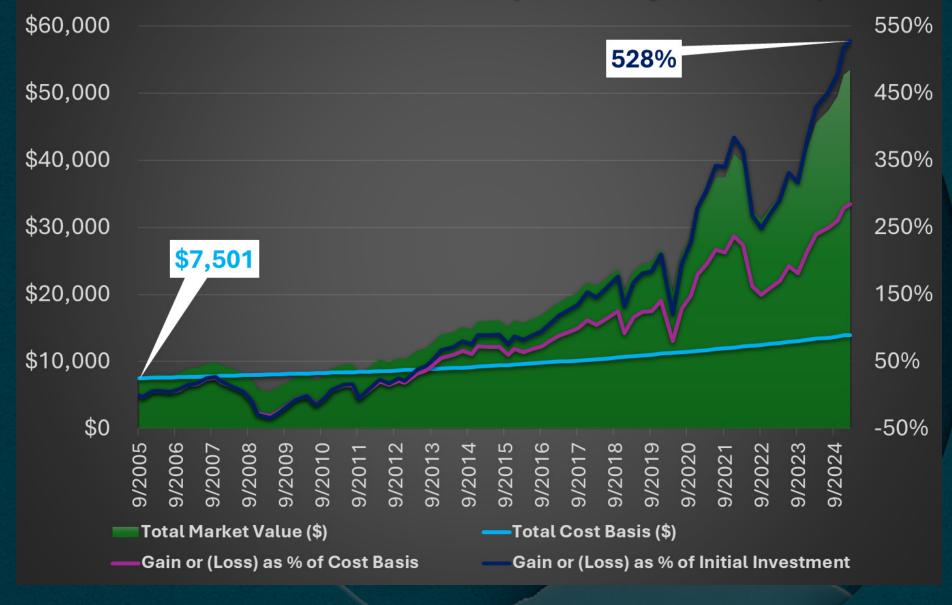


Reference the handouts of the **Vanguard Total Stock Market Index Fund ETF Shares (VTI)**

Read aloud the:

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

Real-World Investment in the Vanguard Total Stock Market Index EFT (Ticker Symbol: VTI)



Practical Example

One of your instructor's clients invested **\$7,500** in VTI in September 2005. The client reinvested all dividends back into VTI. The investment's value is now over **\$53,000**!



Class Discussion

Do you think investing has risk? Why or why not?

Two Categories of Investment Risks





Manageable Risk (Idiosyncratic or Unsystematic risk)

Risks related to an individual investment or specific investments. **Risks you can control**

Example: A major toy retailer goes bankrupt due to excessive debt and online retail competition.



Unmanageable Risk (Systematic or Market Risk)

Risks inherent to the entire market – relating to all investments.

Risks you can't control

Example: A global pandemic shuts down the economy, causing most investments to lose value.



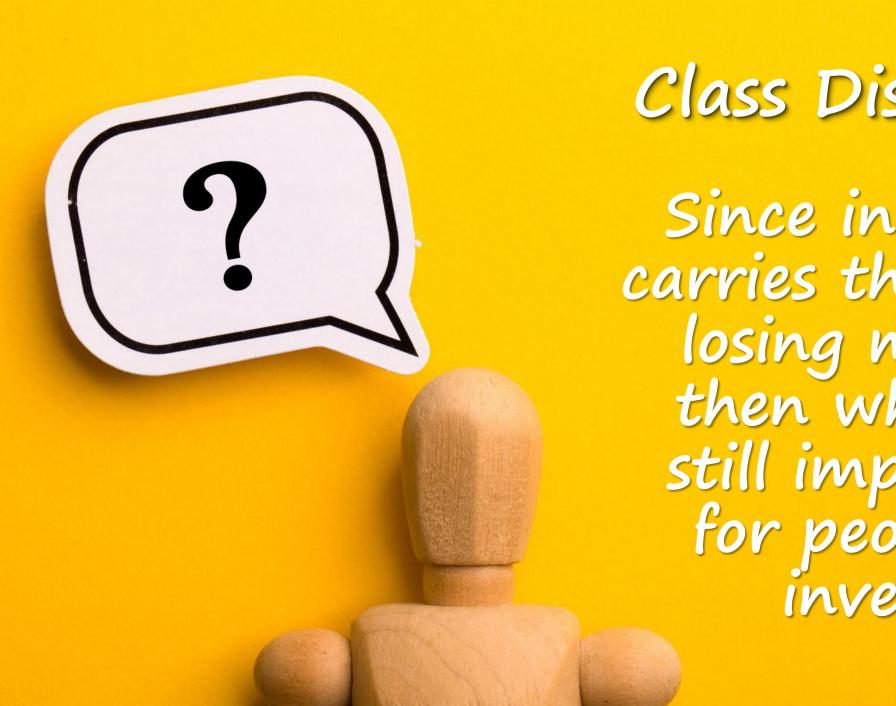
Class Discussion

What might be one way to manage risks related to an individual investment?



A risk management strategy that mixes a variety of investments within a portfolio. By spreading money across different investments, investors can reduce risks of major losses if a few investments do poorly.

Diversification



Class Discussion

Since investing carries the risk of losing money, then why is it still important for people to invest?

Importance of Investing





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 passive income > expenses, then work becomes optional.

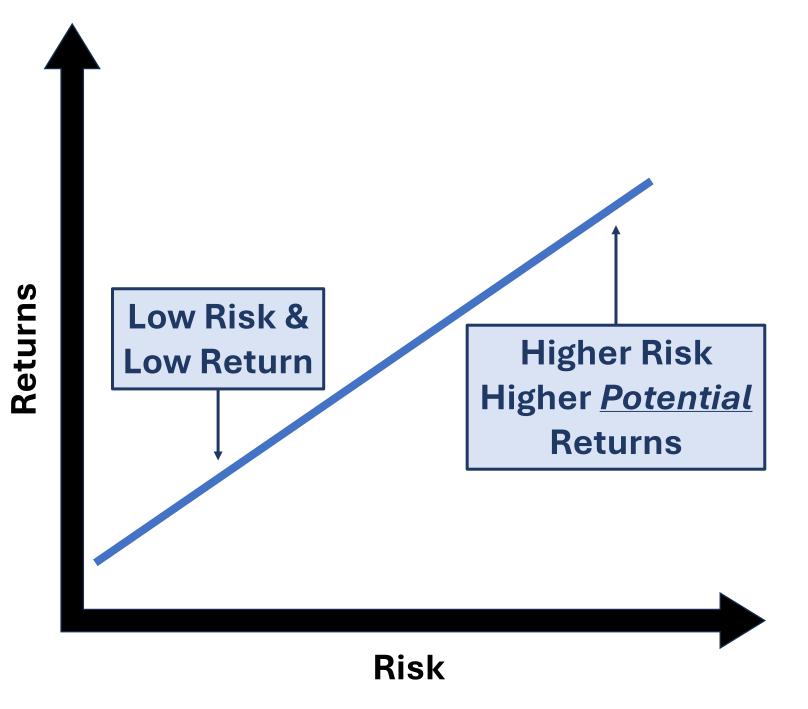
Investment Risk & Return Tradeoffs

All investments come with risk. The more risk you take, the higher the potential reward—but also the chance of losing money.

Higher risk = higher potential returns

6 Lower risk = lower return

This balance helps investors decide what to do with their money.



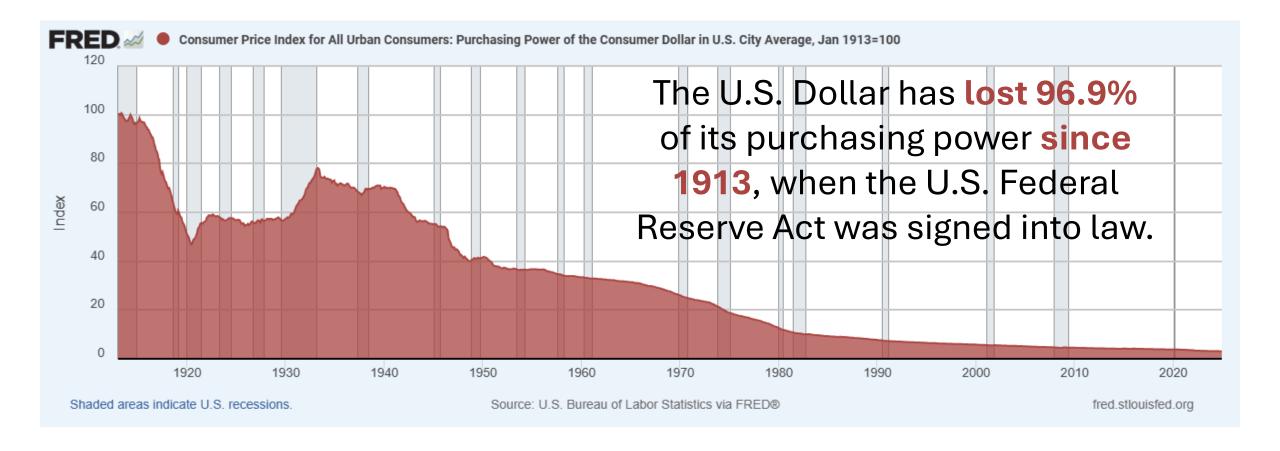


Class Discussion

What might be a potential problem of not taking enough investment risk?

Recap: How does inflation affect us?

The purchasing power of our money falls over time.



Recap: How does inflation affect us?

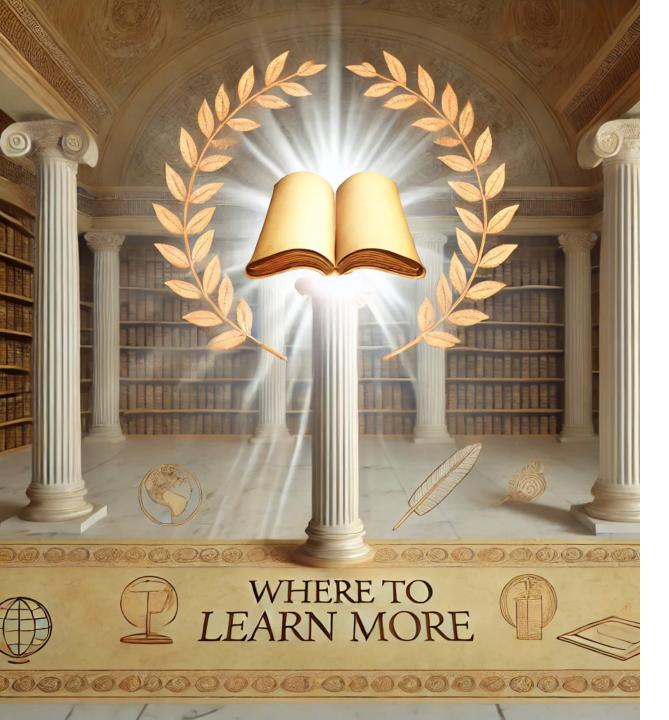
The purchasing power of our money falls over time.





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.
- All Investments Have Risk, But Not Investing Has Risks Too While investing comes with ups and downs, inflation causes money to lose value over time.



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



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Empowering Young Minds to Understand Money

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https://petros.us/about-finlit

