



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-record-breaking-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...”**

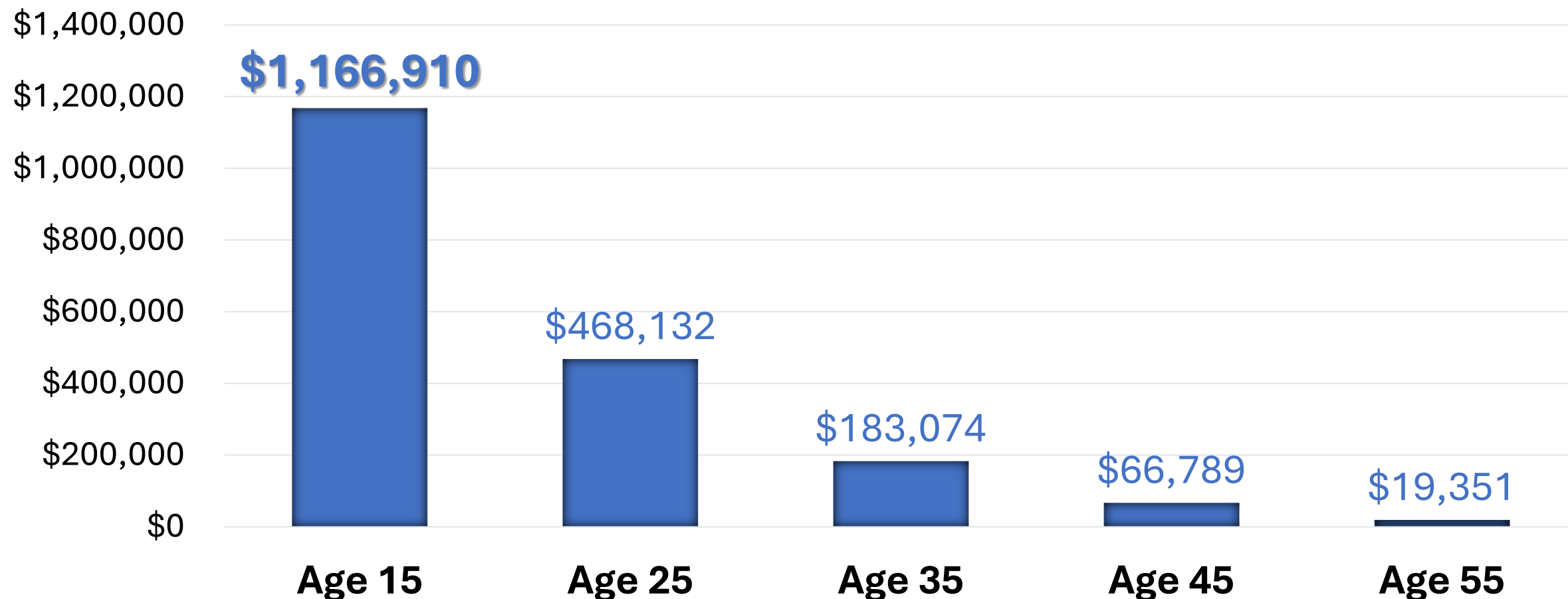
**– Warren Buffett**





# Young People Have Investing Advantages

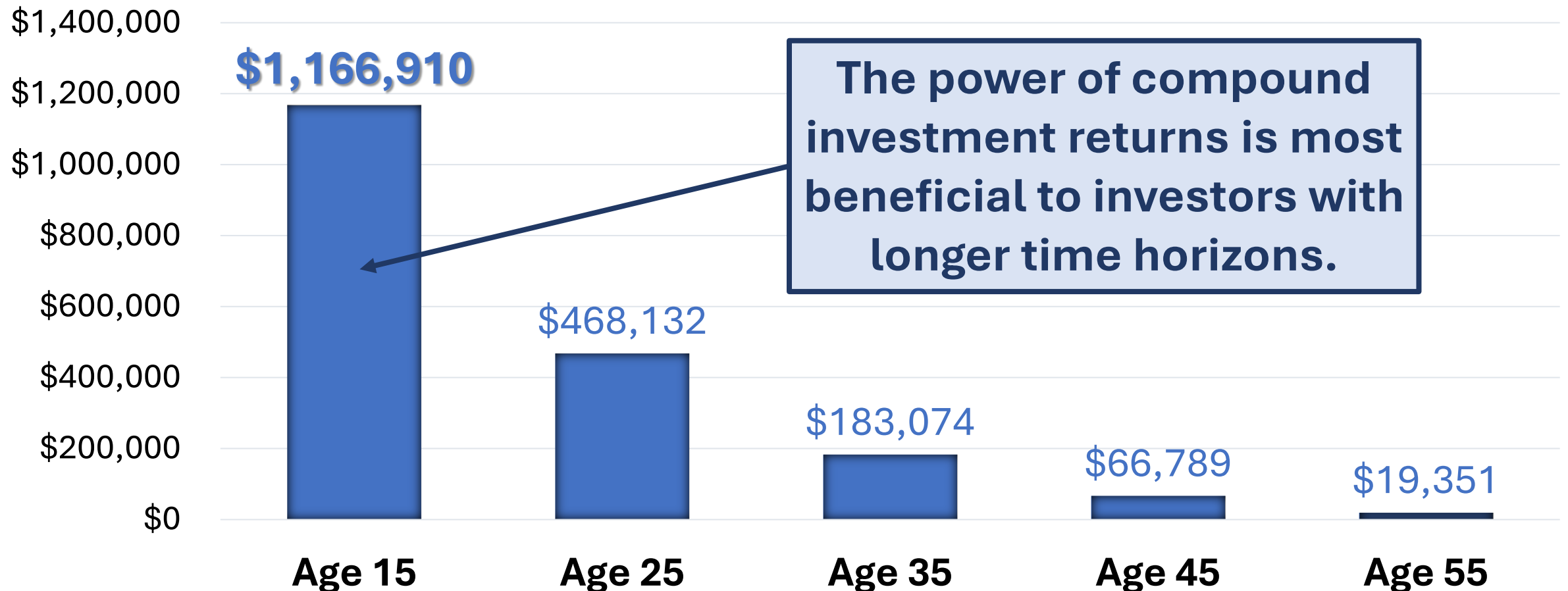
Invest **\$100 per month**, starting at various ages **until age 65** in a portfolio earning **9% annual investment returns**, compounded monthly.





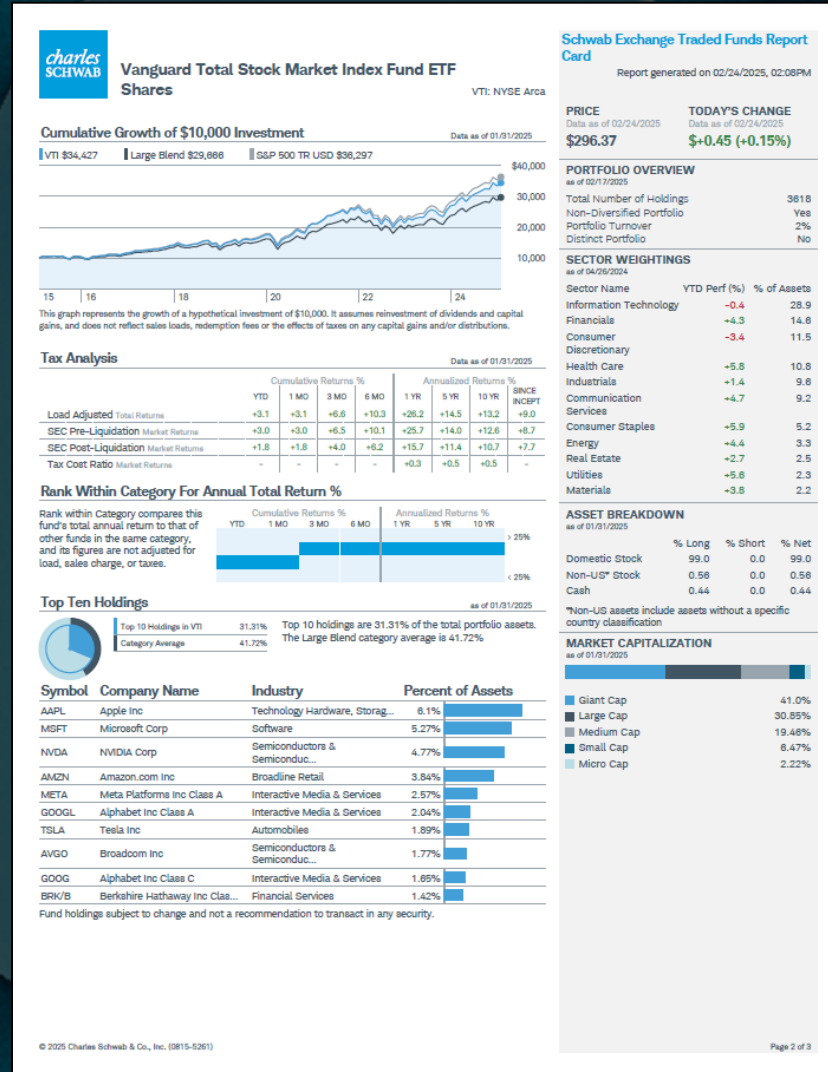
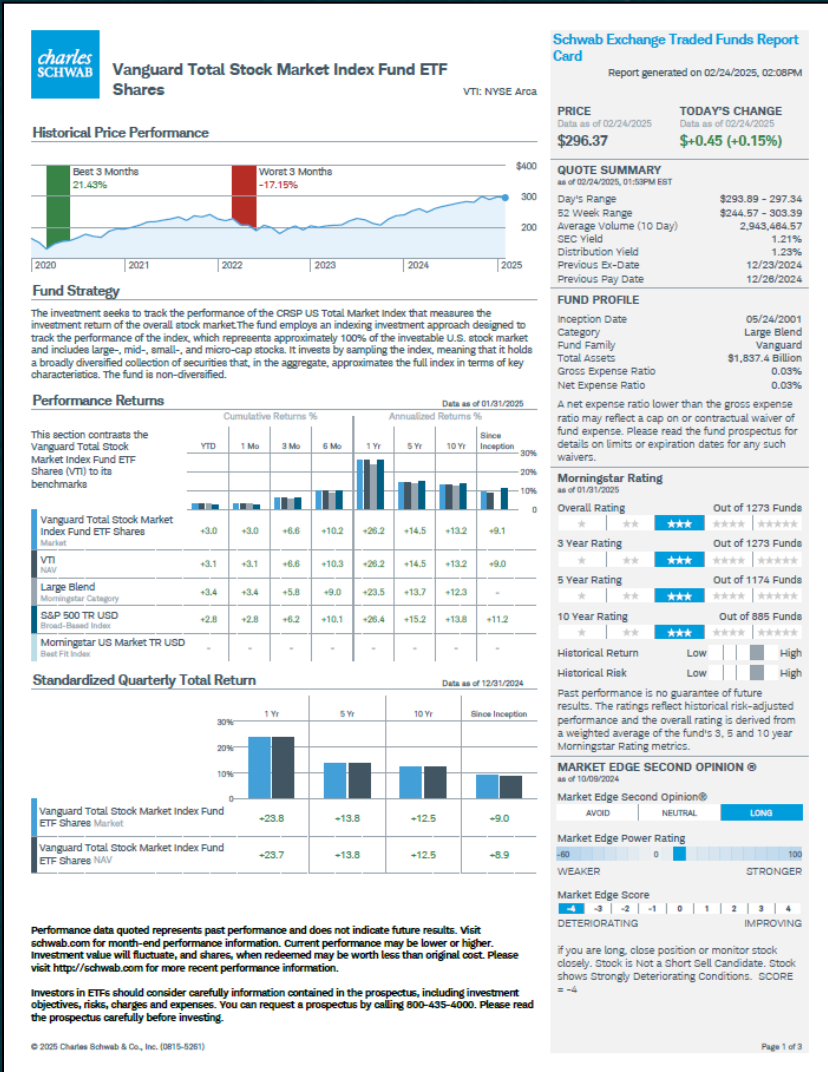
# Young People Have Investing Advantages

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





# Practical Application



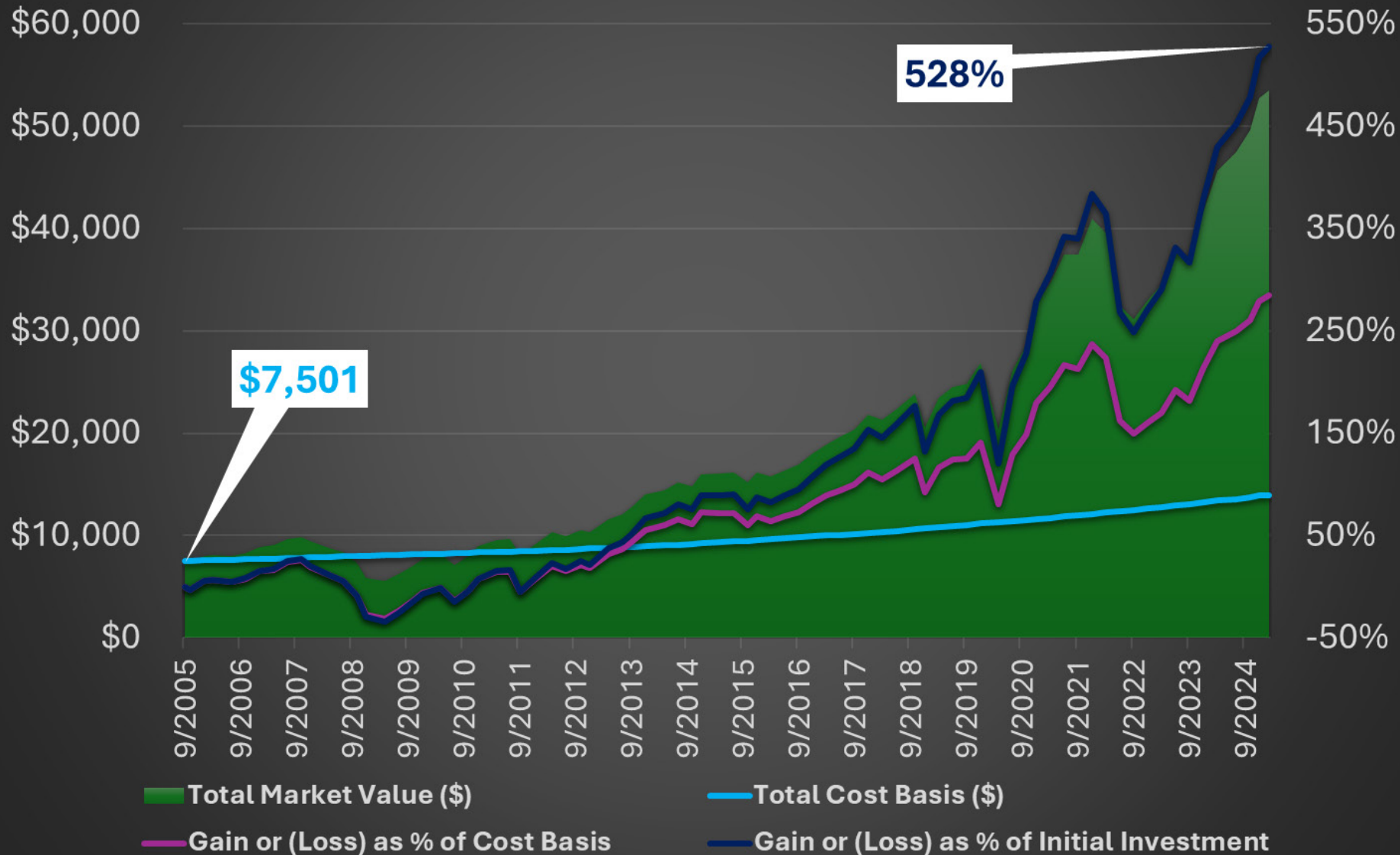
Reference the handouts of the **Vanguard Total Stock Market Index Fund ETF Shares (VTI)**

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!**

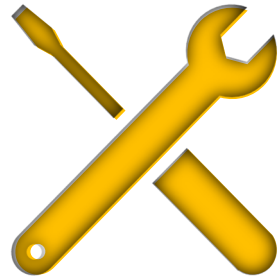




# *Class Discussion*

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

# Two Categories of Investment Risks

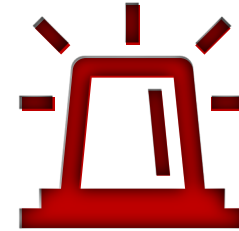


## **Manageable Risk** **(Idiosyncratic or Unsystematic risk)**

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



## **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 passive income > expenses, then work becomes optional.



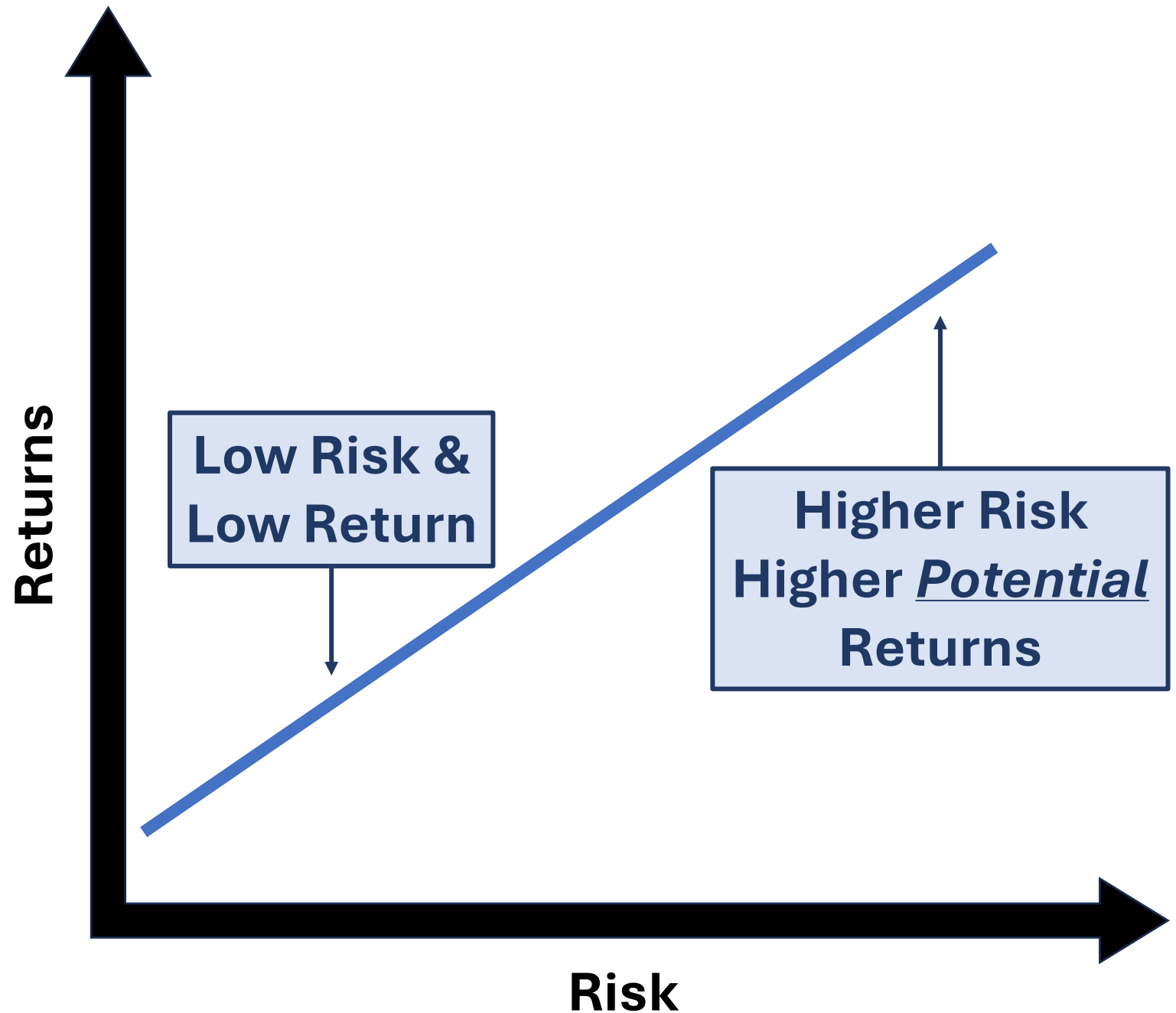
# Investment Risk & Return Tradeoffs

💡 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

💰 Lower risk = lower return

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





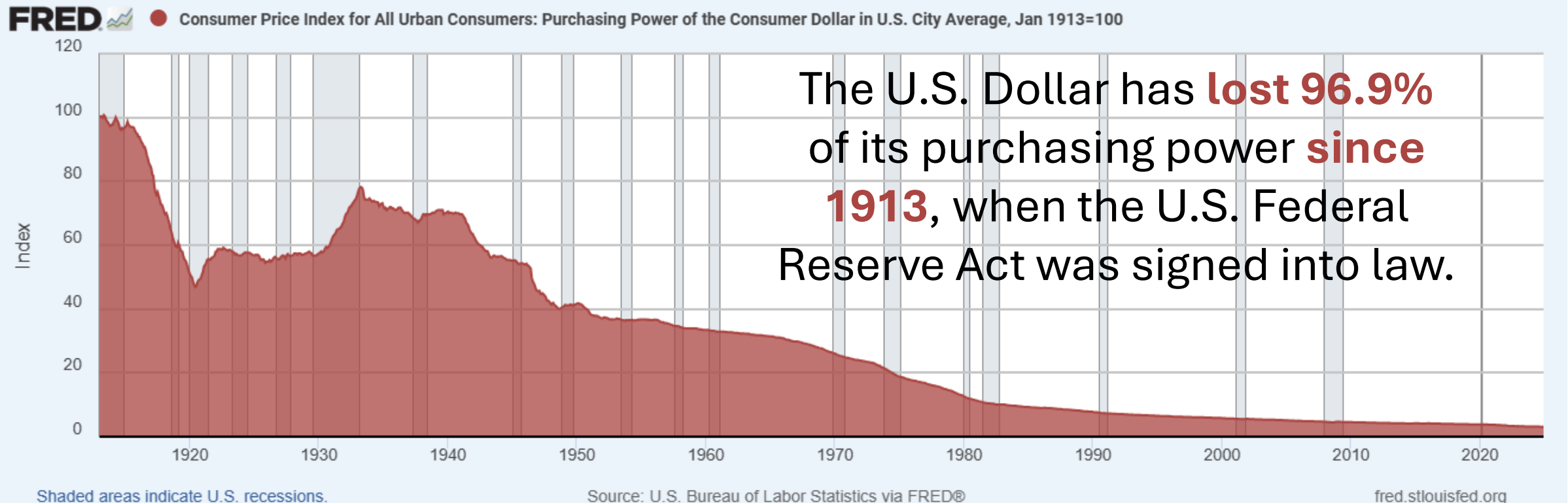
## *Class Discussion*

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



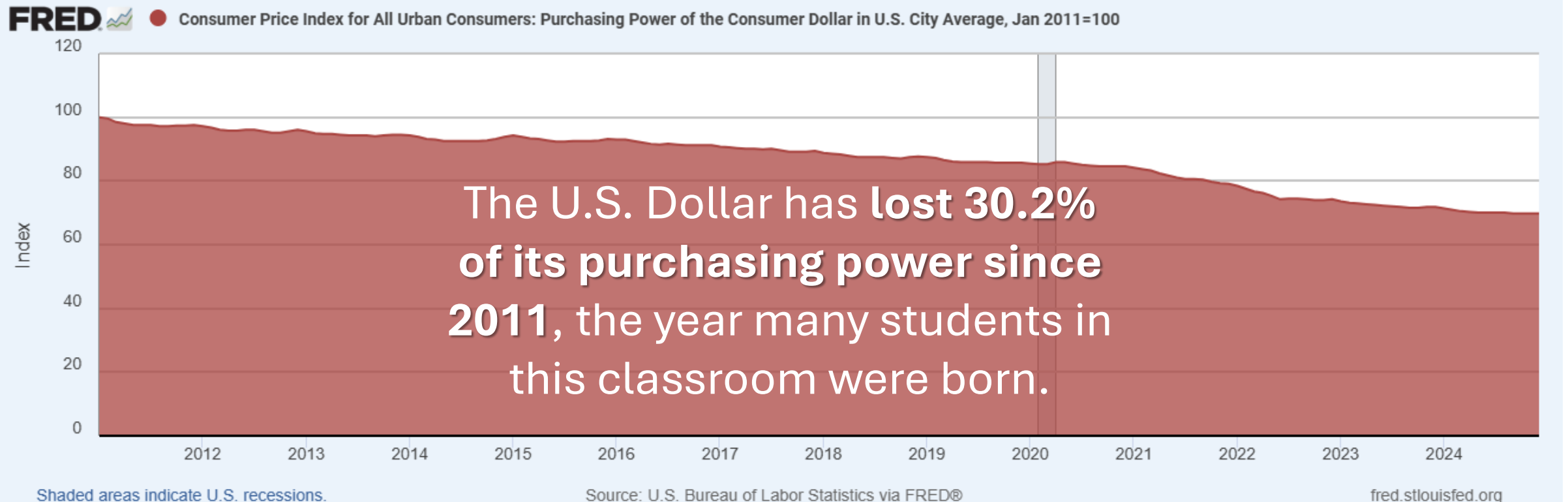
# Recap: How does inflation affect us?

The purchasing power of our money falls over time.



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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](http://easypeasyfinance.com)) via Easy Peasy Finance



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

Empowering Young Minds to  
Understand Money

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

