

Invest Like a Boss

Disclaimer

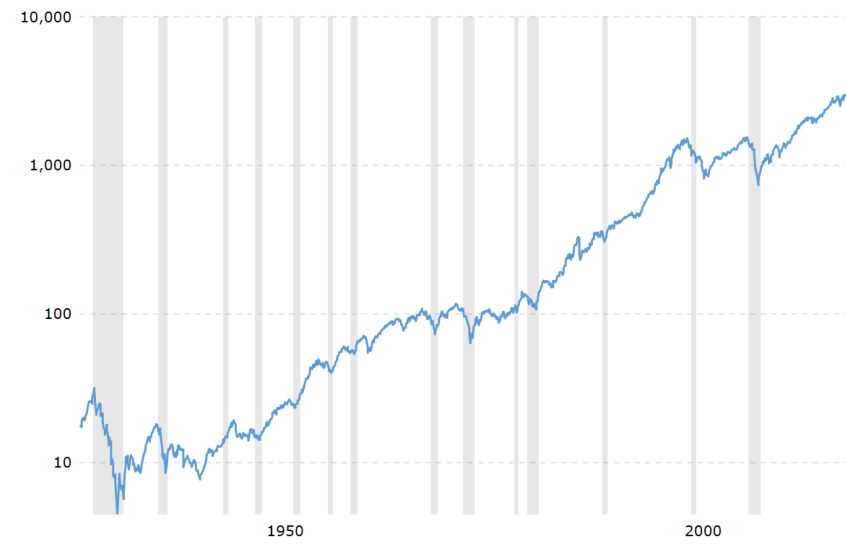
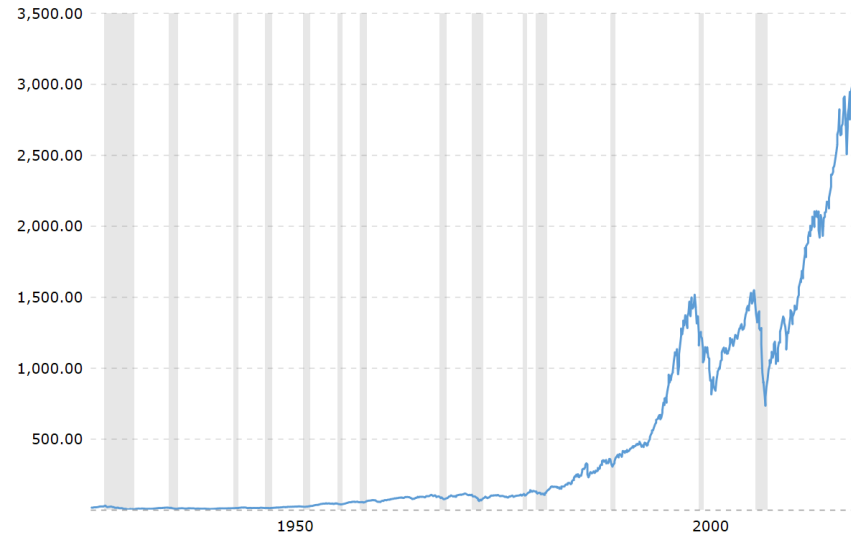
- ▶ Why you should listen to Kevin?
- ▶ **YOU SHOULDN'T.** He is some random guy you work with, who used to work at a zoo, and if he's so good with money why does he need this job?
- ▶ Personal finance is suited to your personal situation
- ▶ Do your own research and talk to a professional to ensure you are doing the right thing.
- ▶ Listen to the presentation, and go check to see if what I'm saying is ridiculous or not.

What are stocks and bonds?

- ▶ Stocks are partial ownership of a company
- ▶ How do you make money?
 - ▶ Appreciation
 - ▶ Dividends
- ▶ Bonds are loans
- ▶ Both are used to help grow their business, and compound your money.

A man in a dark suit and white shirt stands with his arms crossed. He is positioned in front of a background that features a blue grid with white numbers and arrows, resembling a stock market display. A large, glowing orange arrow points upwards from the bottom left towards the top right. The text 'Stonks and Bonks' is written in a white, rounded font on a semi-transparent white background.

Stonks and Bonks



Compounding Interest *“The 8th wonder of the world”*

- ▶ Time value of money
- ▶ Double a penny experiment
- ▶ Cost of a hamburger in 1990
- ▶ \$6721.34 invested the day your child is born

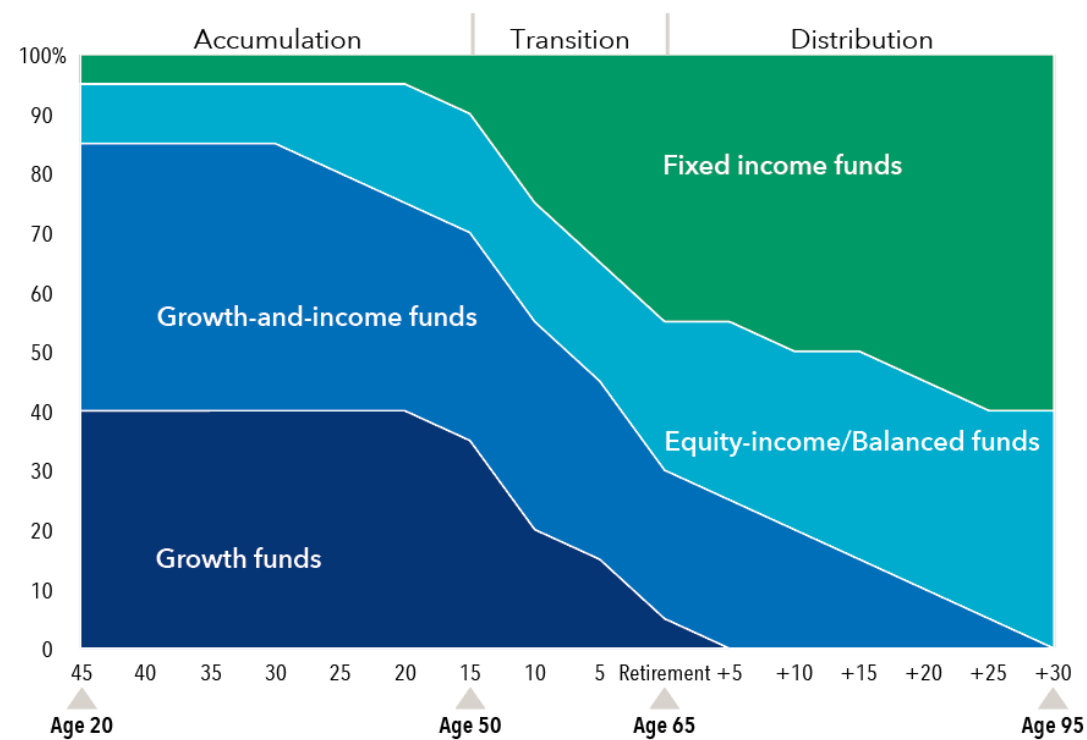
Index Funds and Exchange Traded Funds

- ▶ Value is tied to an index
- ▶ Great diversification
- ▶ Very cheap to own
- ▶ You'll need to manage your investments
- ▶ Exchange Traded Funds - hundreds of stocks (SPY, IVV, IJS, PFF, VWO, IYR, AGG)
- ▶ Index Funds - NAV - End of day pricing (VTSMX, FSTMX)



Target Date Funds –

- ▶ Collection of multiple ETFs that are Diversified automatically rebalanced FOR you based on retirement age.
- ▶ Pick your date of retirement
- ▶ Set and forget
- ▶ Somewhat cost effective
- ▶ You are your own person
- ▶ Fidelity Freedom 2050, 2040,

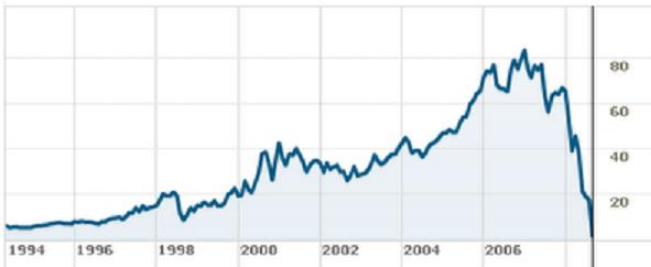


Mutual Funds

- ▶ Sold as high returns than ETFs and Indexes
- ▶ Managed by a portfolio manager
- ▶ Tend to not out perform index
- ▶ Cost more
- ▶ Still need to manage your portfolio

Individual Stocks and Bonds

Lehman Brothers LEH



Market Summary > Apple Inc.
NASDAQ: AAPL

+ Follow

389.09 USD +1.09 (0.28%) ↑

Closed: Jul 22, 4:30 PM EDT - Disclaimer
After hours 388.28 -0.81 (0.21%)









1 day 5 days 1 month 6 months YTD 1 year 5 years Max



- ▶ Really fun...also really heartbreaking
- ▶ Chance of huge returns
- ▶ Chance of losing all your money
- ▶ Don't do it, unless your retirement goals are on track
- ▶ Less than 1% of your total portfolio per stock, 10% of your total portfolio.

Investment Accounts

- ▶ 401k
- ▶ Individual Retirement Account
- ▶ Brokerage Account
- ▶ Roth Options

	Pre or Post Tax	Tax Differed or Taxable	Liquidity
	Pre		
	Pre		
	Post		
	Post		

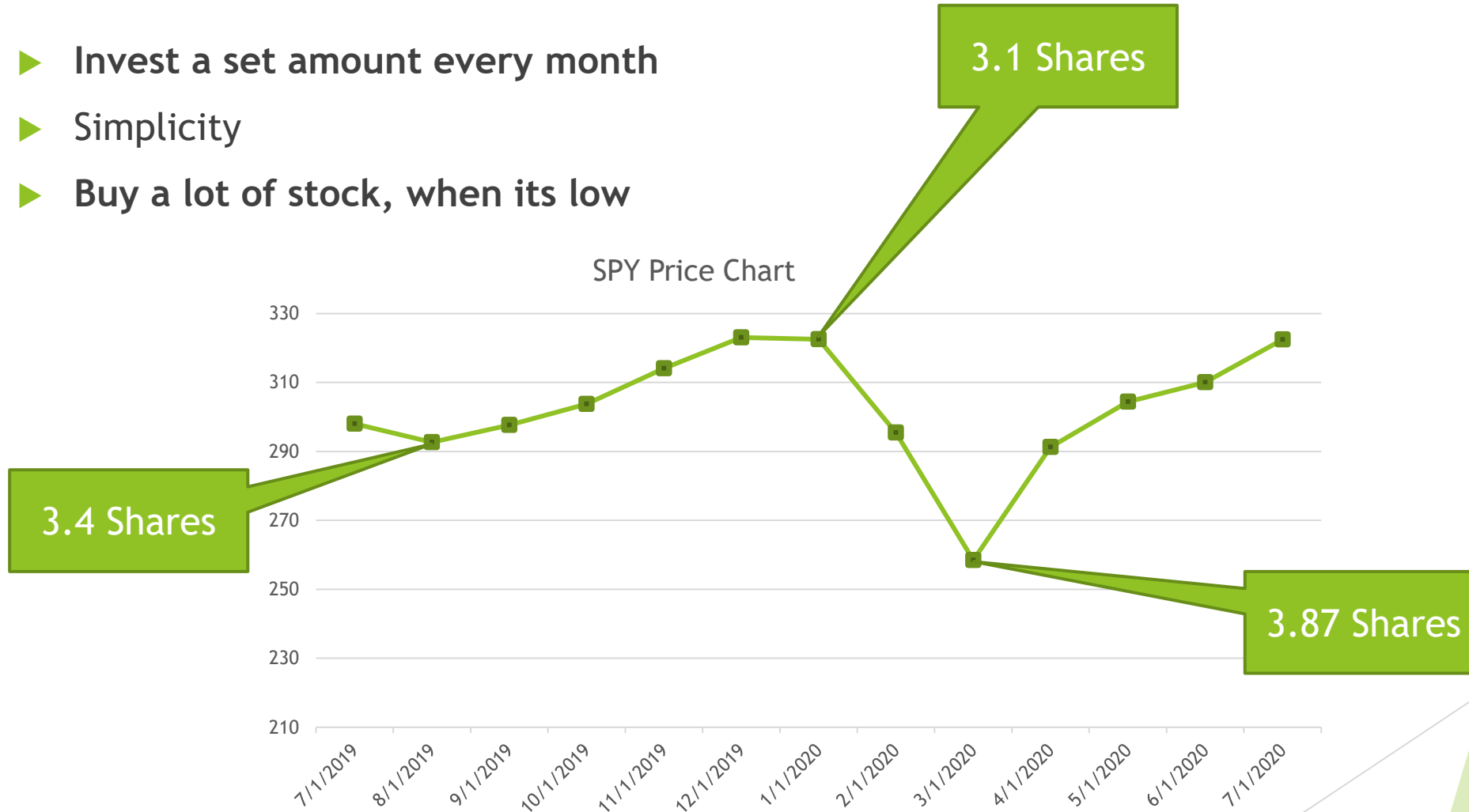
If you do this (for a long time) you will be wealthy

- ▶ Have your money invested as long as possible
- ▶ Buy low
- ▶ Sell High
- ▶ Invest a LOT and Invest Regularly
- ▶ Pay yourself first (before you can buy a new 3D printer)

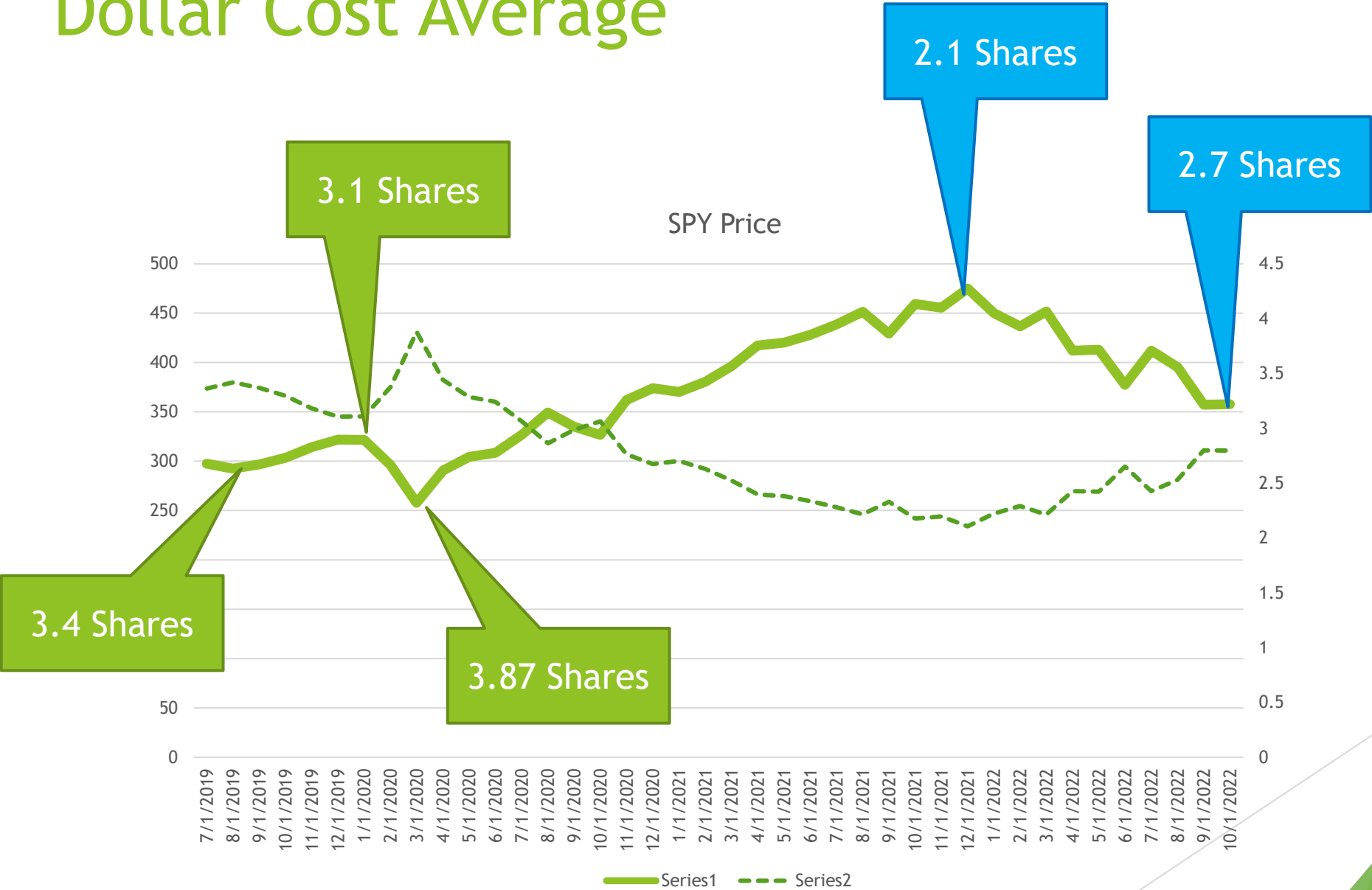


Dollar Cost Average

- ▶ Invest a set amount every month
- ▶ Simplicity
- ▶ Buy a lot of stock, when its low

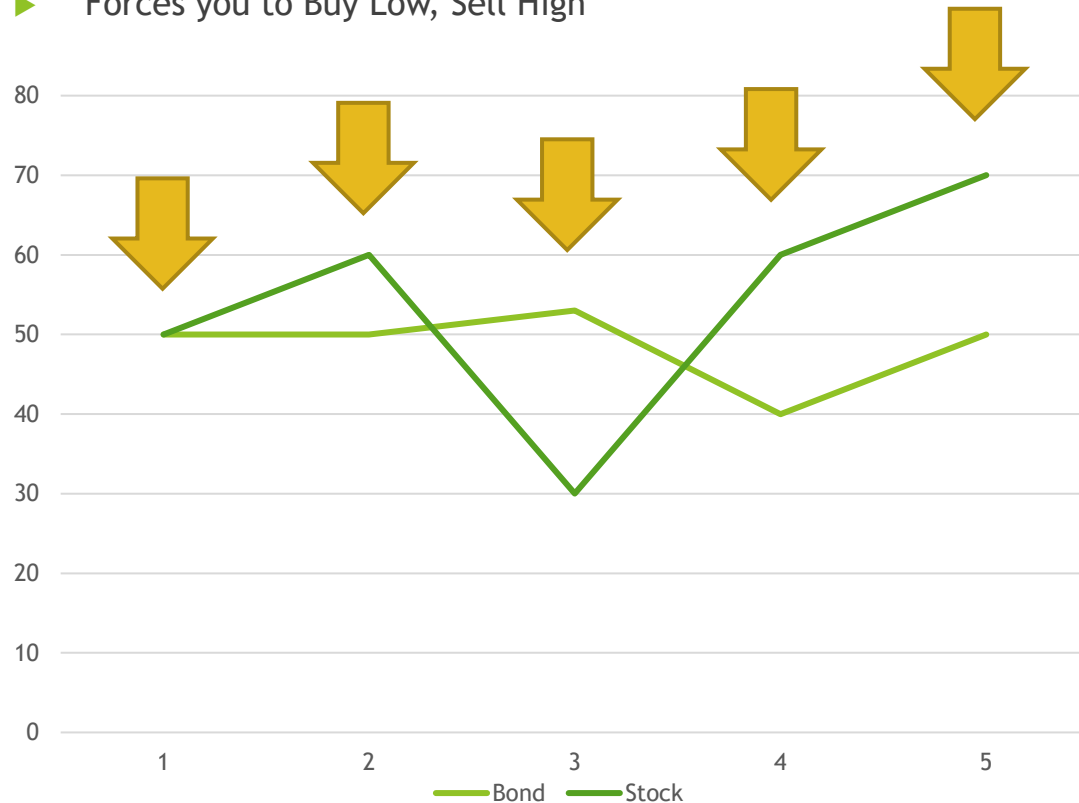


Dollar Cost Average



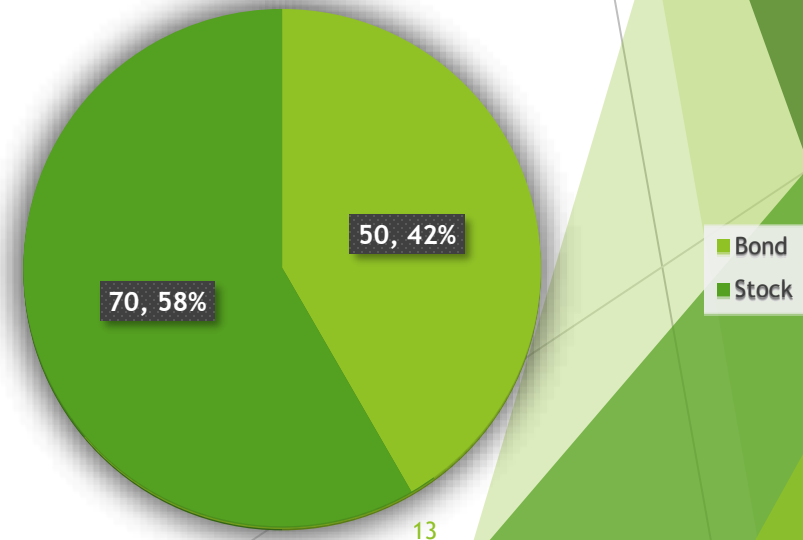
Asset Allocation/Rebalancing

- ▶ Maintain Portfolio Asset Allocation
 - ▶ Stocks (SPY)
 - ▶ Bonds (AGG)
 - ▶ Real Estate (IYR)
 - ▶ International (VWO)
- ▶ Diversification
- ▶ Similar Reward for way less risk
- ▶ Forces you to Buy Low, Sell High



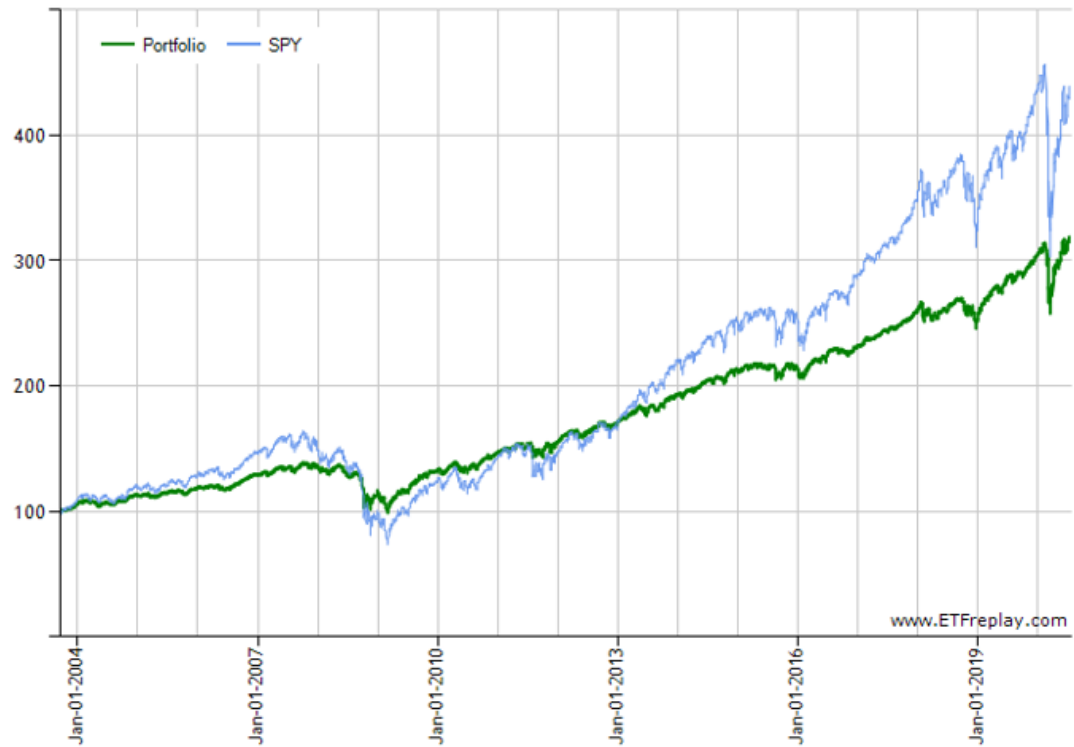
Target Portfolio Allocation is
50% Stock 50% Bonds

Year 4: Sell stocks: buy bonds

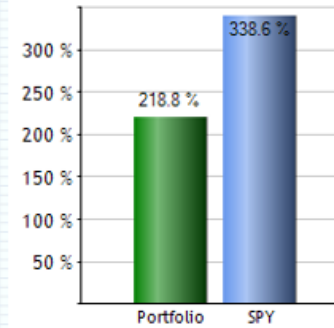


Asset Allocation Continued

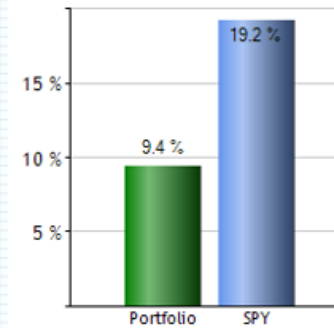
Total Return (including all dividends): Sep 22, 2003 - Jul 17, 2020



Total Return %



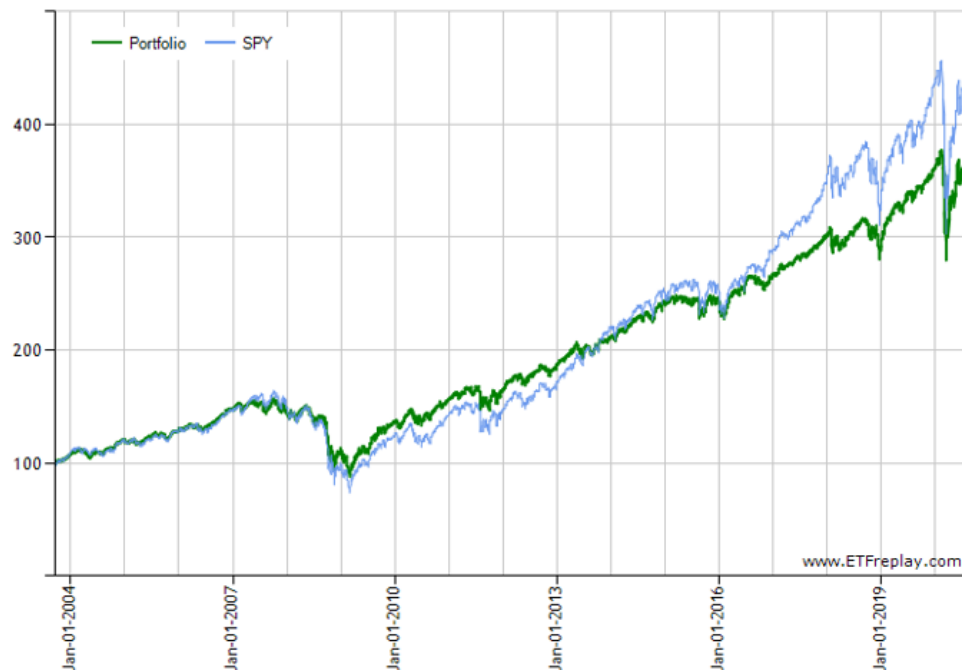
Volatility



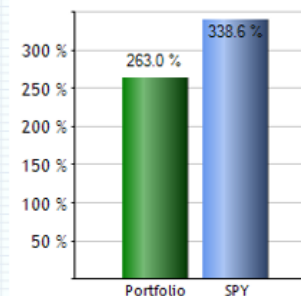
	CAGR ?
Portfolio	+7.1%
SPY	+9.2%

Asset Allocation Continued

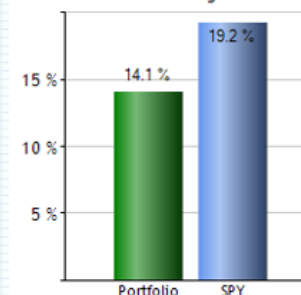
Total Return (including all dividends): Sep 22, 2003 - Jul 17, 2020



Total Return %



Volatility



- ▶ Have 5 or more asset classes
 - ▶ 30% Bonds (AGG)
 - ▶ 50% Stocks (SPY)
 - ▶ 20% REIT(IYR)
- ▶ Rebalance at a set schedule OR pattern, never deviate.
 - ▶ Once a **quarter**, month, year
 - ▶ During major market swings

	CAGR ?
Portfolio	+8.0%
SPY	+9.2%

36% less volatility



Automatic Contributions

- ▶ Forces you to pay yourself first
- ▶ Can't spend it, if you don't have it.
- ▶ 401k is already automatic!
- ▶ Schedule transfers to IRA or brokerage

How to get more money to invest!

1. Don't pay extra on your mortgage
2. Have the longest term possible

Why?

- ▶ 202,000 Average Mortgage
- ▶ Pay off your mortgage - Saving yourself \$673 a month in interest
- ▶ Invest instead makes you \$1346 a month
- ▶ $\$1346 - 673 = \text{net } \673
- ▶ You have access to the money if you need it
- ▶ Mortgage interest tax deduction
- ▶ More cash available for you to invest
- ▶ YOU WORK FOR A MORTGAGE COMPANY

How is your dollar more effective?

Saving 4%
Making 8%

*“He who understands it,
earns it ... he who doesn't ...
pays it.”*

How to place a trade outside of a 401k

- ▶ <https://www.youtube.com/watch?v=qjw488bYsl8>
- ▶ Use market orders during the day
- ▶ Use limit orders if you are purchasing outside 9:30am - 4:00pm
 - ▶ More complicated orders like Stop Loss and Take Profit, AON, Good til Cancel, Day, etc are cool, but not necessary.

Alternative Investments

- ▶ Real Estate (Rental Properties) - Building a business, a little more work, a lot more return
- ▶ REITS - All the fun of real estate without the work. Not Non-traded
- ▶ Options/Futures - zero sum investing.
 - ▶ Portfolio Insurance (put options)
 - ▶ Increase yield (Short Covered Call Options)
 - ▶ OTM Calls
- ▶ Your own business
- ▶ Franchises
- ▶ Coins - Fun!
- ▶ Structured Settlements
- ▶ Note Investing
- ▶ Viatical Settlements
- ▶ Cryptocurrency
- ▶ NFTs

What is your retirement Number?

I want \$X a year in income, and I want my kids to inherit the full amount.

- ▶ Adjust for inflation (2.29%) * years until retirement
- ▶ Think of the annual income you want
- ▶ Divide that number by 0.04 (NOW 0.05)

I want \$X a year in income, and \$0 Money left when you die.

- ▶ Rate= 0.08
- ▶ Nper = years you will be retired
- ▶ Pmt = Income you want (adjusted for inflation)
- ▶ FV = 0 (because you don't want to be at exactly 0 when you die)

```
PV(rate, nper, pmt, [fv], [type])
```

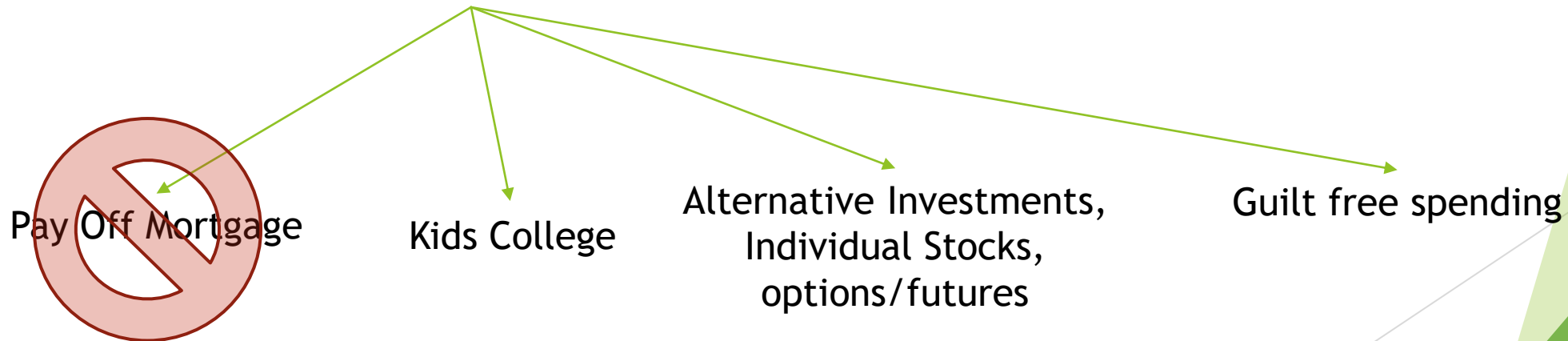
How do I reach my number?

- ▶ PMT function in Excel
- ▶ Rate = 0.08
- ▶ Nper = years until you retire
- ▶ PV = -(Current retirement savings)
- ▶ FV = Retirement Number (last slide)

```
PMT(rate, nper, pv, [fv], [type])
```

Steps to Ensure You Are Ready To Invest

1. 401k up to employer match
2. Emergency Fund (4-12) months expenses
3. Pay down bad debt
4. Max out 401k (\$19,500)
5. Max out IRA (\$6000)
6. Brokerage (no limit, but taxable)





Call to ACTION!

- ▶ Increase your 401k 1% a month, until it hurts a little.
- ▶ Open an IRA (Roth or traditional)/set up automatic contributions
- ▶ Open a brokerage
- ▶ Buy some shares, and see how it feels
- ▶ Read more!
 - ▶ Millionaire Next Door
 - ▶ Rich Dad Poor Dad