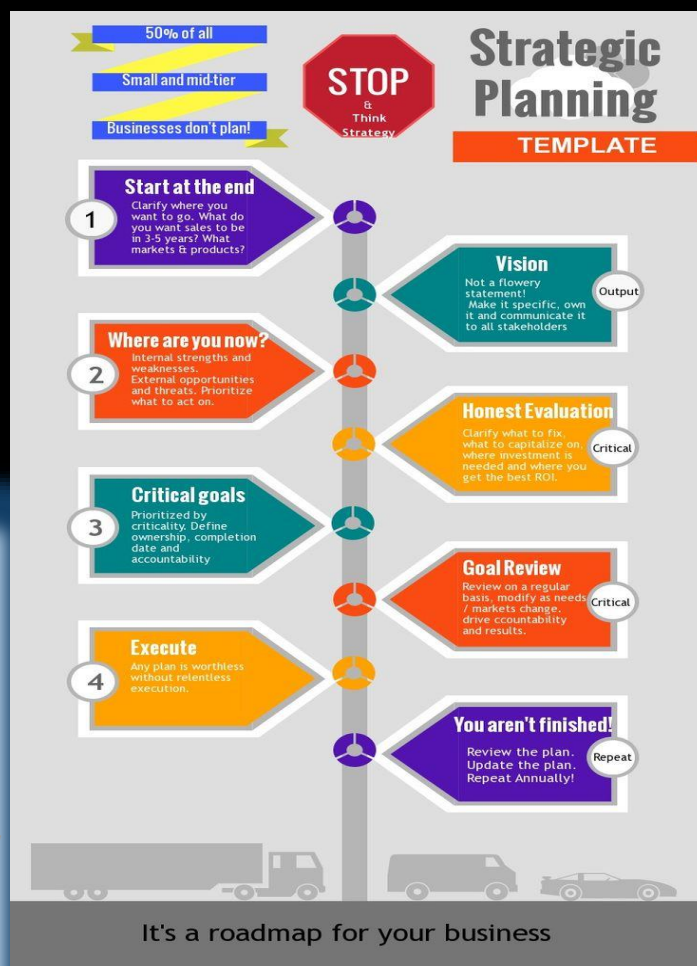
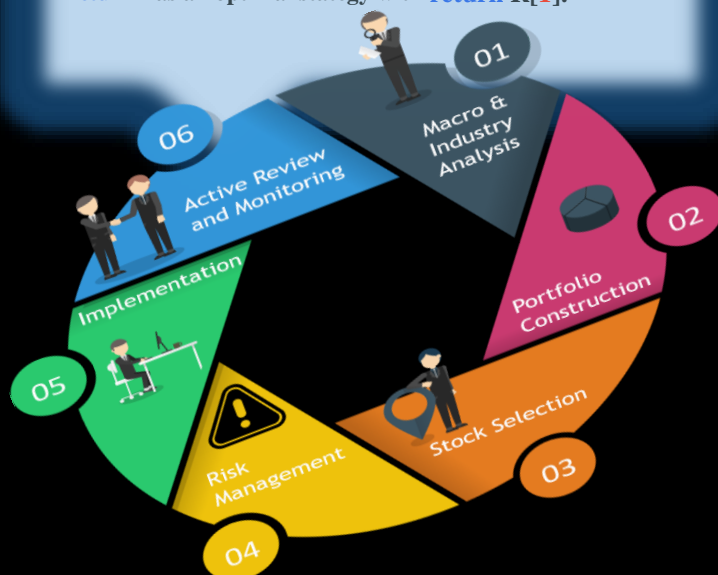


INTRODUCTION

INVESTMENT HAS BECOME A VEHICLE THAT IS USUALLY USED TO IMPROVE WEALTH. ONE DIFFICULTY FACED BY ALL IS WHERE, HOW, WHEN AND FOR HOW LONG TO INVEST. TWO VERY IMPORTANT STRATEGIES ARE ACTIVE PORTFOLIO MANAGEMENT AND LONG TERM INVESTING. THE STRATEGIES THAT ONE CHOOSES FOR AN OPTIMAL STRATEGY WILL DEPEND ON THE INVESTORS INVESTMENT GOALS.

ALGORITHM

```
INVEST (d, n)
  initialize tables I and R of size 11, all filled with 0s
  for k = 10 downto 1
    q = 1
    for i = 1 to n
      if r[i, k] > r[q, k] // i now holds the investment which
        looks best for a given year
        q = i
      if R[k + 1] + drI[k + 1]k - f[1] > R[k + 1] + dr[q, k] - f[2] //
        If revenue is greater when money is not moved
        R[k] = R[k + 1] + drI[k + 1]k - f[1]
        I[k] = I[k + 1]
      else
        R[k] = R[k + 1] + dr[q, k] - f[2]
        I[k] = q
  return I as an optimal strategy with return R[1].
```



where you should put your money

now	soon	later
< 1 year	1-10 years	> 10 years
ALL CASH	CONSERVATIVE ALLOCATION	AGGRESSIVE ALLOCATION
NO RISK	SOME RISK	HIGH RISK
LOW RETURN	MODERATE RETURN	HIGH RETURN
CASH	BONDS, CASH, AND SOME STOCKS	STOCKS, BONDS, REAL ESTATE, OTHER INVESTMENTS
Emergency fund, vacations, big purchases	Home purchase or renovations, wedding, children, mini-retirement	Retirement, kids' education, second homes, business start-ups
FDIC-insured high yield savings account	Brokerage/mutual fund account invested in a few low-fee mutual funds	First, your 401(k) or 403(b) at work and/or a Roth IRA. After reaching maximums, taxable brokerage/mutual fund accounts.