**FINANCE PROJECT #1 – RETIREMENT**

**NAME:**

**CLASS:**

**DATE**: June 15, 2019

**PART A – JOBS**

A1 What do you want to be when you “grow up”?

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A2 Describe that job in detail.

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A3 Research the web to determine the average salary of that job.

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Website URL:

A4 What do you anticipate your annual raise to be?

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A5 Investigate the following 3 websites:

<https://money.usnews.com/money/careers/slideshows/the-25-best-jobs> <https://www.cbsnews.com/media/9-best-jobs-in-america-for-2018/>

<https://www.cnbc.com/2018/02/14/10-in-demand-jobs-that-dont-draw-enough-applicants.html>

Is your job one of the “hot” ones? If not, is there a way to connect your job to a “hot” one?

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**PART B – TYPES OF RETIREMENT SAVINGS ACCOUNTS**

B1 Go to [https://www.youtube.com/watch?v=PvOEA7Pqqzs](https://www.youtube.com/watch?v=PvOEA7Pqqzs%20) and watch the video. Explain the similarities and differences between a 401k, 403b and 457?

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B2 What is meant by “matching”?

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B3 What are the most recent contribution limits associated with a 401k, 403b and 457 according to <http://www.mymoneyblog.com/401k-403b-457-tsp-historical-contribution-limits-2018.html> ?

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B4 What is an IRA?

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Website URL:

B5 What is the difference between Traditional and Roth IRAs?

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Website URL:

B6 What are the most recent contribution limits associated with IRAs?

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Website URL:

**PART C – STOCKS, MUTUAL FUNDS, AND BIG PLAYERS**

C1 What is the Dow Jones Industrial Average and what is its nickname?

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Website URL:

C2 What is the Standard & Poor’s 500 Stock Index and what is its nickname?

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Website URL:

C3 According to <https://www.daveramsey.com/blog/the-12-reality> what is the historical average annual return?

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What is that return referring to?

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C4 Go to <https://www.creditdonkey.com/average-stock-market-return.html> and review. What is a more realistic annual rate of return to use when planning for your long term financial goals?

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C5 What is the difference between stocks, bonds and mutual funds according to <https://www.financiallywisewomen.com/single-post/2013/07/17/What%E2%80%99s-The-Difference-Between-a-Stock-Bond-and-Mutual-Fund> ?

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C6 Go to <https://investor.vanguard.com/home/> and pull down the “Investing” menu and click on “IRAs: Roth and traditional”. Browse the page then click on “Learn how to open your IRA”. Browse the page then comment on the site. How easy was it to navigate the Vanguard site? Was there useful information as you worked your way through the site?

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C7 Go to <https://www.fidelity.com/> and pull down the “Investment Products” menu and click on “Retirement and IRAs”. Browse the page then click on “Compare Roth and Traditional IRAs” in the middle of the page. Browse the page then click on “Open a Roth IRA”. How easy was it to navigate the Fidelity site? Was there useful information as you worked your way through he site?

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**PART D – BUILDING YOUR RETIREMENT SPREADSHEET**

For this part, you will need:

1. Age upon graduation
2. Projected salary upon graduation ($)
3. Projected yearly salary raises (%)
4. Percent of salary that you plan to contribute towards retirement (%)
5. The annual rate of return that you expect to earn (%)
6. The amount of money, if any, that you currently have saved for retirement ($)

D1 Open up the Excel file named Finance Retirement Spreadsheet. Only change blue cells.

D2 Enter your name, class and date in cells A2, C2 and E2.

D3 Enter your age upon graduation (A5), your projected salary upon graduation (B5), your projected yearly percent raises (B7), the percent of your salary you plan to contribute to retirement (C5), the annual rate you expect your investments to return (D5), and the amount of money, if any, you currently have saved for retirement (E5).

D4 Locate the cell where your balance just exceeds $1,000,000. What age are you at that time?

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D5 Change your “Percent In” value to 15 (C5). Locate the cell where your balance just exceeds $1,000,000. What age are you at that time?

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D6 Change your “Percent Return” value to 12 (D5). Locate the cell where your balance just exceeds $1,000,000. What age are you at that time?

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D7 Change your “Percent In” value to 5 (C5) and your “Percent Return” value to 5 (D5). Locate the cell where your balance just exceeds $1,000,000. What age are you at that time?

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D8 Play around with the input values and write a short paragraph about how these changes affect your retirement planning. In your paragraph, address:

1) What happens if you start saving 10 years later?

2) What input do you think is most important?

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D9 Based on your findings, enter realistic information for your situation upon graduation. Note the “Age” you are when you hit $1,000,000. Now, find the row where the “Money Returned” just exceeds 3 times the amount of the “Money In”. In that row, enter a “0” for “Salary” (i.e. you retire). What impact does that have, if any, on your “Age” when you hit $1,000,000 in “Savings”?

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D10 Save this Word document and the Excel spreadsheet as firstname.lastname.retirement (different extensions) and email both to me.