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Investing 101

Keys to building wealth and choosing investments that
are right for you

Why invest?

Some common investment goals:

- To increase your current income
- To build wealth
- To hedge against inflation
- To reduce taxes



How much do I need to begin investing?

- Brokerage firm
- Minimums



Financial Goals

- Retirement
- Get out of debt
- Emergency fund
- College



Retirement Accounts

- 401k
- IRA



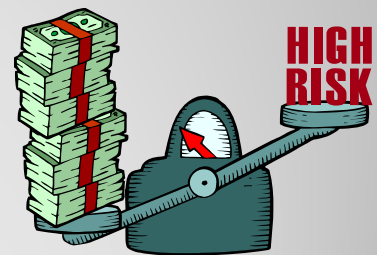
Can I lose my money?

- Risk Tolerance
- How much am I comfortable losing?



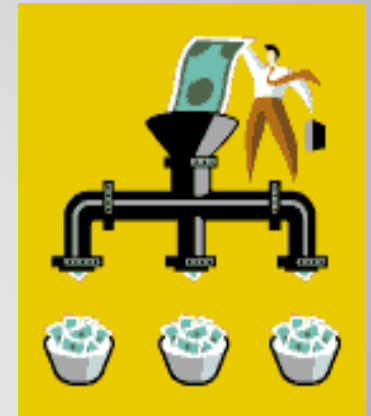
What are the risks?

- Inflation
- Interest Rates
- Equity Risks



How can I diversify?

- Stocks
- Bonds
- Real Assets



Where do I begin?

- Look at your entire “financial plan”
 - Where are you now?
 - What are your goals?
 - Do you have adequate savings and insurance?
 - Do you have a retirement plan?
 - Should you have a will?

What are my choices?

- CDs
- Bonds
- Stocks
- ETFs (Exchange traded funds)
- Mutual Funds

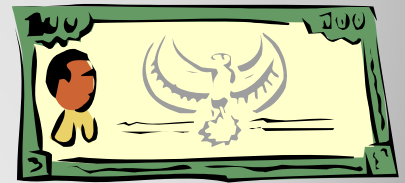


CDs

- Stated maturity
- Penalty for early withdrawal
- Income is taxable
- Conservative investment

Bonds

- “Coupon rate” vs. “yield”
- Stated maturity but can be bought and sold before maturity
- Corporate bond generally pay higher interest rates; income is taxable
- Interest on municipal bonds is tax-free
- Principal is repaid at maturity



Stocks

- You are an owner
- Price varies with the market
- Some stocks pay a dividend, others do not
- Risks: market risk, industry risk, company risk
- Returns can be better than with bonds or CDs but NO guarantees



Real Assets

- Real Estate
- Commodities



4 Investment Rules

- Low Cost
- Long Term
- Rebalance
- Diversify



How to diversify

- ETFs -Exchange-traded funds
- Mutual Funds



ETFs vs Mutual Funds

Track an Index

Price fluctuates
throughout the day

Lower expenses

Dividends not
automatically reinvested

Managed by a
professional manager

Priced once a day at the
close of the market

Usually higher expenses
than an ETF

Dividend reinvested into
the fund

Selecting a mutual fund or ETF

- Cost
- Liquidity
- Return
- Your goals



How can I educate myself about investing?

- Nightly Business Report
- Economist
- Media?? Education or entertainment?



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Questions?

Thank you!