

STUDENT SUPPORT SERVICES FINANCIAL WELLNESS SERIES 2024

Session #1

Investing for Your Future: How to Build Generational Wealth



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<https://business.louisiana.edu/financeispersonal>



**B.I. Moody III College of
Business Administration**

Financial Wellness

*If you don't know where
you've come from, you can't
know where you're going.*

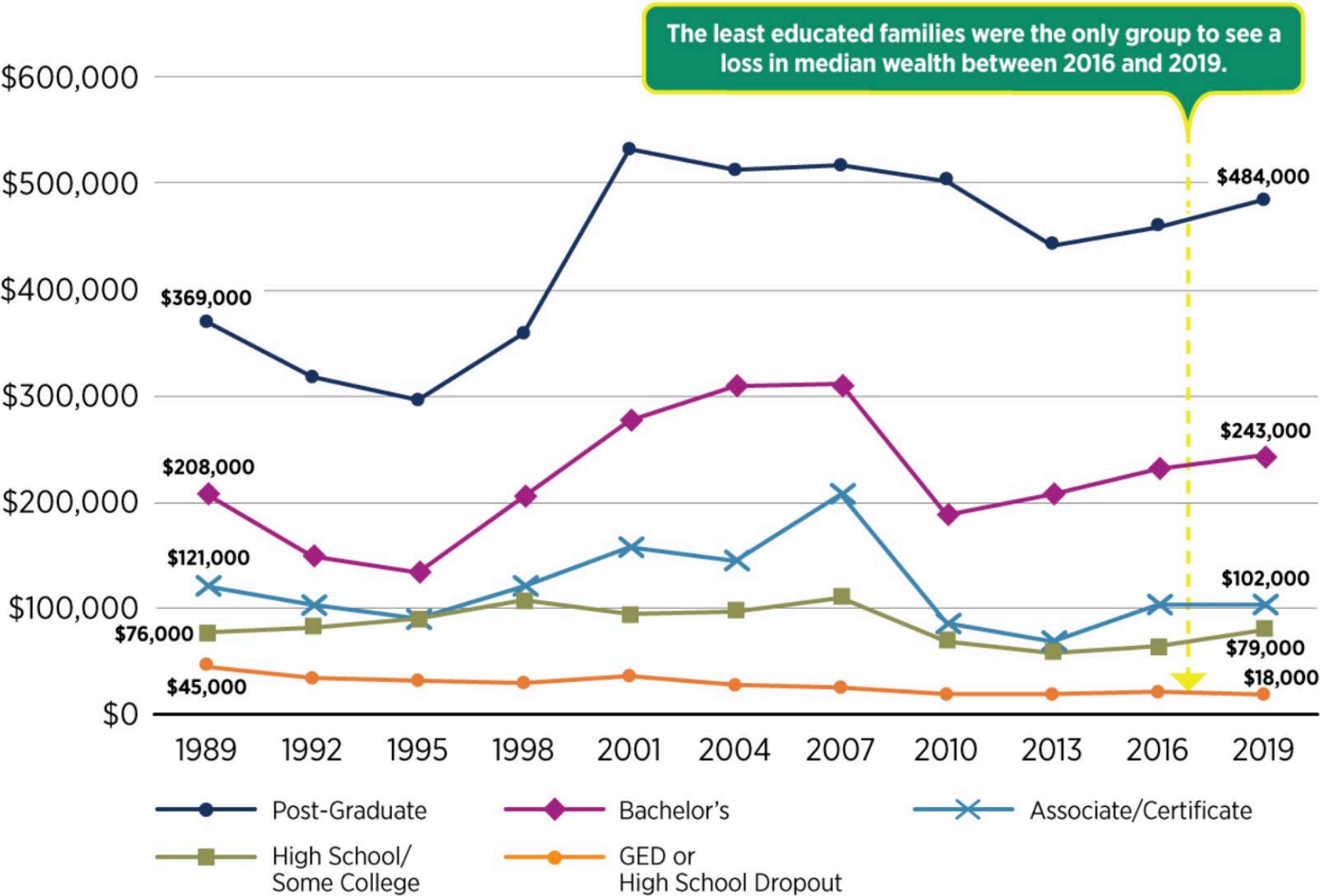
- Maya Angelou

I believe that your college degree is the best investment you can ever make.

But it is very expensive – in terms of money, time, energy and opportunity costs.

Take a minute to think about all of the costs involved in getting your degree...

Wealth gaps by educational attainment



THE WEALTH GAP IN THE USA



United States, lottery sales per adult, \$

24 states, 2022 prices



United States, lottery sales per adult, \$

24 states, 2022 prices



A Few Opening Morals

Personal Finance is...personal.

It's about you and not about anyone else.

You have to make it about you and your goals.

A Few Opening Morals

There is no judgment in personal finance.

There is no ego in personal finance.

There is no shame in personal finance.

It's about you and not about anyone else.

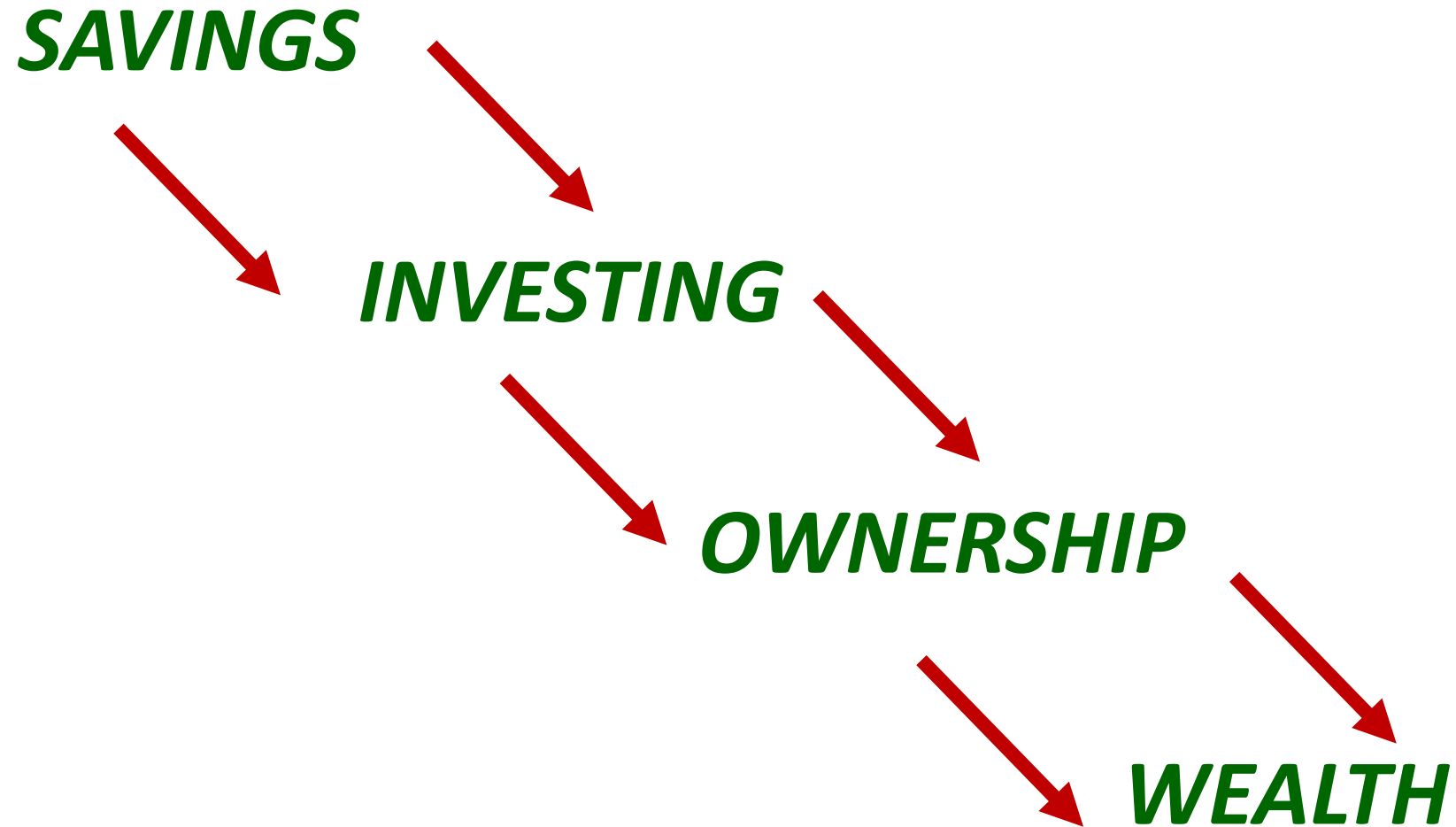
A Few Opening Morals

Because personal finance is personal, it is virtually impossible for me to give you any specific advice.

However, there is one word of advice that applies to 99% of people working on their finances:

SAVE

A Few Opening Morals



Financial Wellness

***Becoming an owner allows
you to be the architect of
your own future.***

- Leigha Porter

*Entrepreneur, Dancer, Choreographer, Founder of the Creole Nutcracker, PARC Village
and FIRE Expressions Conservatory, UL Lafayette grad, Northside High School grad*

Financial Wellness

*A goal without a plan
Is just a dream.*

~ Antoine de Saint-Exupéry

Let's Do Some Fake Investing!

Which of these company stocks has performed the best over the past 2 years?

- | | |
|---------------------------|---------------------|
| 1. <i>Apple</i> | 6. <i>Microsoft</i> |
| 2. <i>Disney</i> | 7. <i>Nike</i> |
| 3. <i>Google</i> | 8. <i>Tesla</i> |
| 4. <i>JP Morgan Chase</i> | 9. <i>Visa</i> |
| 5. <i>McDonald's</i> | 10. <i>Walmart</i> |

Owning Your Financial Future

What Are Your Values, Dreams & Goals?

Education

Career

Family

What Is Your Current Situation?

Education

Career

Family

Financial

Create a Personal Financial Plan for You:

Investing

Budgeting

Debt
Management

Taxes

Insurance

Retirement

Education

Family

Business
Planning

Estate
Planning

Philanthropy

Opening Quiz – Question #1

If you had invested \$1,000 in the S&P 500 at the beginning of 2021 (3+ years ago), how much would that \$1,000 be worth today?

A. \$775

B. \$1,000

C. \$1,581

D. \$4,043

Opening Quiz – Question #1

If you had invested \$1,000 in the S&P 500 at the beginning of 2021 (3+ years ago), how much would that \$1,000 be worth today?

A. \$775

B. \$1,000

C. \$1,581

(that's a 13.2% annual return)

D. \$4,043

Opening Quiz – Question #2

If you had invested \$1,000 in the S&P 500 *at the beginning of 2014 (10+ years ago)*, how much would that \$1,000 be worth today?

A. \$775

B. \$1,000

C. \$1,581

D. \$4,043

Opening Quiz – Question #2

If you had invested \$1,000 in the S&P 500 *at the beginning of 2014 (10+ years ago)*, how much would that \$1,000 be worth today?

A. \$775

B. \$1,000

C. \$1,581

D. \$4,043

(that's a 13.9% annual return)

Opening Quiz – Question #3

Which of these 4 countries currently
has the lowest inflation rate?

United States

England

Germany

Mexico

Opening Quiz – Question #3

Which of these 4 countries currently
has the lowest inflation rate?

United States

England

Germany

Mexico

Opening Quiz – Question #4

Which of these 4 countries
currently has the HIGHEST inflation rate?

United States

England

Germany

Mexico

Opening Quiz – Question #4

Which of these 4 countries
currently has the HIGHEST inflation rate?

United States (2.5%)

England (2.2%)

Germany (1.9%)

Mexico (5.0%)

Opening Quiz – Question #5

If you sold cookies out of your apartment during 2024, received made \$500 from those sales, and spent \$200 making those cookies, what do you owe taxes on?

\$500

\$300

\$200

\$0

Opening Quiz – Question #5

If you sold cookies out of your apartment during 2024, received made \$500 from those sales, and spent \$200 making those cookies, what do you owe taxes on?

\$500

\$300

\$200

\$0

Opening Quiz – Question #6

If you sold cookies out of your apartment during 2024, received made \$500 from those sales, and spent **\$700** making those cookies, what do you owe taxes on?

\$500

\$700

\$0

**You get a refund
for the \$200 loss**

Opening Quiz – Question #6

If you sold cookies out of your apartment during 2024, received made \$500 from those sales, and spent **\$700** making those cookies, what do you owe taxes on?

\$500

\$700

\$0

You get a refund
for the \$200 loss

Opening Quiz – Question #7

If you earned \$14,500 of income in 2024,
which of the following applies to you:

**You owe taxes on the entire
\$14,500.**

**It depends on whether someone
else claims you as a dependent.**

**You do not owe any taxes and you
do not have to file a tax return.**

**You do not owe any taxes but you
have to file a tax return.**

Opening Quiz – Question #7

If you earned \$14,500 of income in 2024,
which of the following applies to you:

You owe taxes on the entire
\$14,500.

It depends on whether someone
else claims you as a dependent.

You do not owe any taxes and you
do not have to file a tax return.

**You do not owe any taxes but you
have to file a tax return.**

Opening Quiz – Question #8 – Last One

If I had invested \$1,000 into the S&P 500, the overall U.S. stock market, on the day that I was born, how much would that be worth today?

A. \$1,000

B. \$22,257

C. \$60,371

C. \$95,035

Opening Quiz – Question #8 – Last One

If I had invested \$1,000 into the S&P 500, the overall U.S. stock market, on the day that I was born, how much would that be worth today?

A. \$1,000

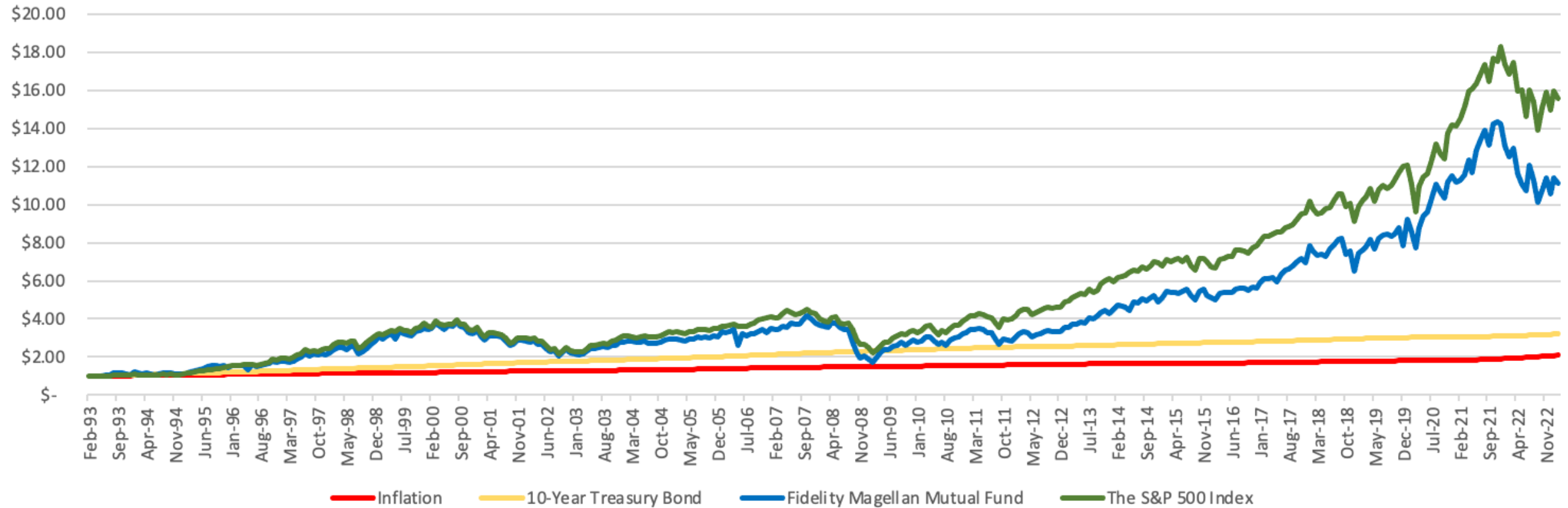
B. \$22,257

C. \$60,371

That's an annual return of just over 10% per year.

C. \$95,035

Value of \$1 Invested in January 1993



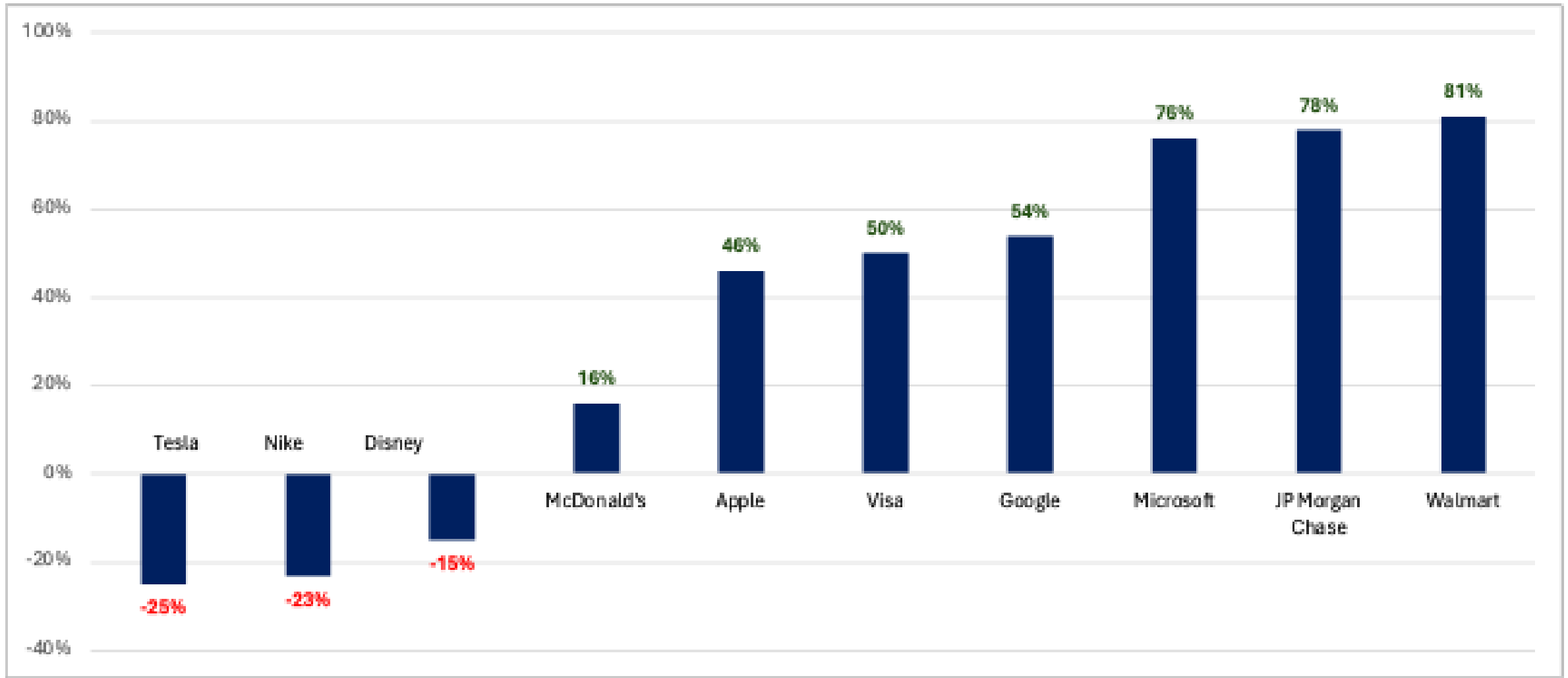
\$2.08 Inflation
\$3.20 10-Year Bond
\$11.14 Fidelity Magellan
\$15.55 S&P 500 Index

Let's Do Some Fake Investing!

Which of these company stocks has performed the best over the past 2 years?

- | | |
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| 4. <i>JP Morgan Chase</i> | 9. <i>Visa</i> |
| 5. <i>McDonald's</i> | 10. <i>Walmart</i> |

Let's Do Some Fake Investing!



Owning Your Financial Future

Question #1

What are you going to be doing in 2030?

Will you be in graduate school? If so, what are you studying?

Are you working? If so, what is your job?

Where do you live? Who do you live with?

How do you spend your free time?

Owning Your Financial Future

Question #2

What are the 3 most expensive things you plan on buying in the next 10 years.

For now, exclude your undergraduate education.

But if you're planning on graduate school, do include that.

Or maybe it's a house, a car, a vacation, a baby, a new pair of shoes. Anything.

Owning Your Financial Future

Question #2

What are the 3 most expensive things you plan on buying in the next 10 years.

We do these thought exercises to begin thinking about how we might make it happen. Yes, we are just making things up in our responses – but that's where planning begins.

For most of us, owning our financial futures begins with identifying our goals and designing a plan to achieve those goals.

Owning Your Financial Future

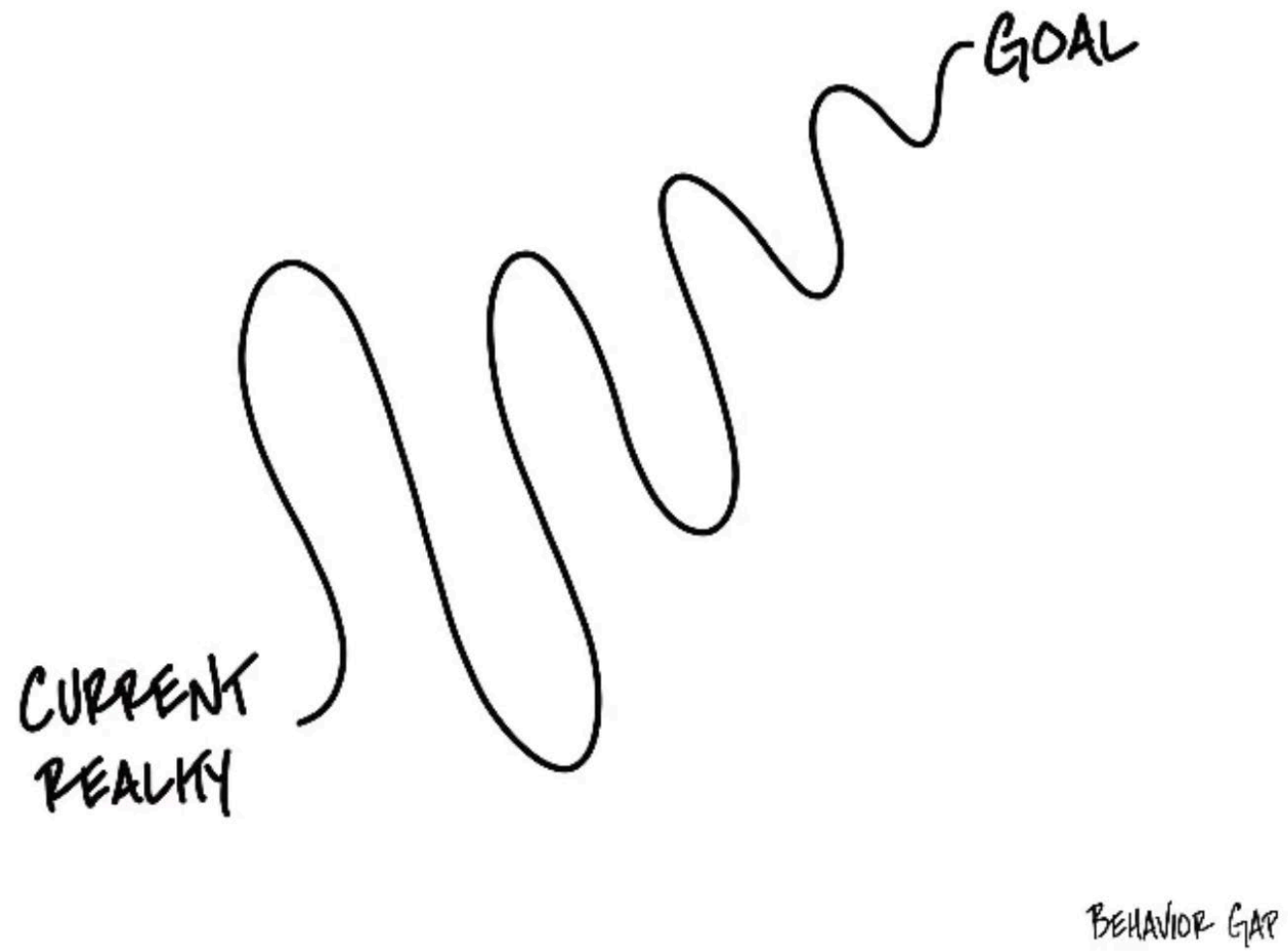
Question #3

What are your financial goals?

What financial goals do you want to achieve in the next 3 months?

What financial goals do you want to achieve in the next 12 months?

What financial goals do you want to achieve in the next 3 years?



Financial Planning for the New School Year

5 Things Everyone Should Do:

1. BUDGET!

- *Make shopping lists...for all types of shopping: food, gifts, fun, weekends.*
- *Make lists of what you ARE NOT going to buy...for all types of shopping.*

Financial Planning for the New School Year

5 Things Everyone Should Do:

2. *BE VERY CAREFUL ABOUT INCREASING DEBT*

- Avoid increasing balances on credit card*
- Maybe only use credit cards for groceries and gas and use a debt card for everything else.*

Financial Planning for the New School Year

5 Things Everyone Should Do:

3. GET RID OF AT LEAST 1 SUBSCRIPTION

- Review your expenses and find any/all recurring subscriptions*
- Find at least 1 to get rid of before the year end*
- And make sure you do not add any that you are not going to use or get your money's worth*

Financial Planning for the New School Year

5 Things Everyone Should Do:

4. LOOK FOR DEALS...BUT ALSO BE WARY OF DEALS

- By shopping early and shopping around, you can find the best deals for what you need to buy*
- But be careful – many deals will have fine print that commits you to further costs or to other constraints that are not in your best interest*

Financial Planning for the New School Year

5 Things Everyone Should Do:

5. SET 5 RESOLUTIONS THAT YOU CAN STICK WITH

- *Check your credit report and credit score, open multiple savings accounts, pay yourself first with \$5-\$25 of every paycheck going to savings, analyze every penny you spend during 3-5 months in 2024, find a budget approach that works for you, set financial goals for the next 3-5 years, finalize your back-to-school spring 2024 budget, begin investing, pay down any high-interest debt (even before savings), do not dine out or go grocery shopping in January, maximize credit card rewards*

Some Homework for You

Think about why you are in college.

Make a list of the 5-10 most important criteria you are looking for in a job or career.

Connect these criteria to your long-term and short-term goals. Connect these criteria to your values.

(And if you don't know what your values are, take 30 minutes to identify them and commit to them.)

More Homework for You

Once a week:

Make a list of the money you are going to spend this week.

Once a month:

Make a list of how college – and your future job – serves your values over the long-term.

Once a year:

Revisit your values and identify your short- and long-term goals.

Long-Term Investment Planning

YOUR VALUES

YOUR GOALS

**FINANCIAL
STRATEGIES**

**INVESTMENT
STRATEGIES**

**Identify Your Risk
Tolerance**

**Identify Your Time
Horizons**

Select Investments

**Monitor & Modify
Investments**

Long-Term Investment Planning



Long-Term Investment Planning

**FINANCIAL
GOALS**

**INVESTMENT
STRATEGIES**

**Identify Your Risk
Tolerance & Priorities**

**Identify Your Time
Horizons**

Select Investments

**Monitor & Modify
Investments**

**EDUCATION
GOALS**

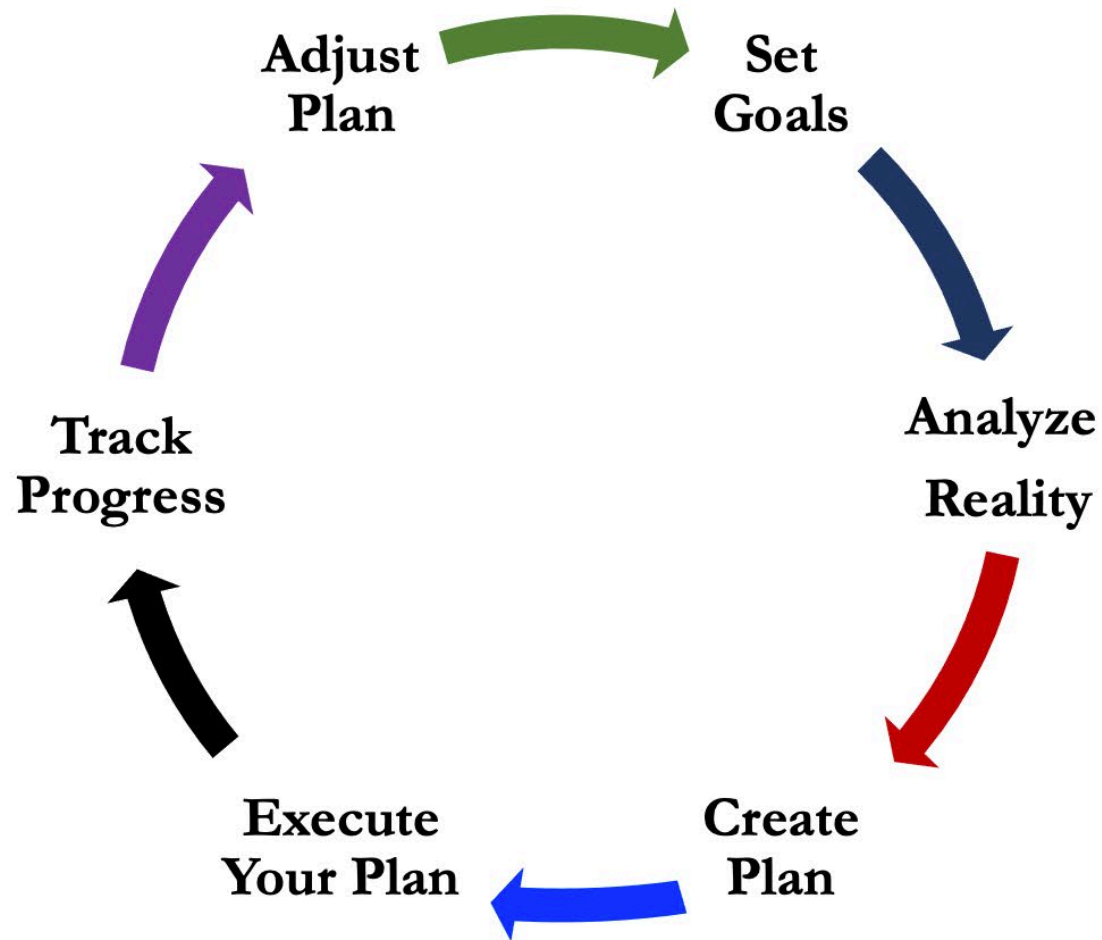
**EDUCATION
STRATEGIES**

**Identify Your Risk
Tolerance & Priorities**

**Identify Your Time
Horizons**

**Select Your Field, Program,
Specialization, Thesis**

**Monitor & Modify
Your Progress & Plan**



1. **Set your goals.** What do you want to achieve in life? What financial goals will make this happen?
2. **Analyze your reality.** What is your situation? What is your income? What are your expenses? When can you achieve your goals?
3. **Create your plan.** Focus on the short-term – the next 3-6 months – and the long-term – the next 1, 2, 5 and 10 years.
4. **Execute your plan.** Work to decrease your expenses, and to pay off debt. Work to increase your income and your savings.
5. **Track your progress.** How are you doing? Are you ahead of your goals? Are you behind your goals?
6. **Adjust your plan** to reflect your progress, your new reality and any new goals.
7. **Repeat. Revise. Enjoy.**

Isn't this a lot like what you do with your education planning?

Long-Term Investment Planning

FINANCIAL GOALS

INVESTMENT STRATEGIES

Identify Your Risk
Tolerance & Priorities

Identify Your Time
Horizons

Select Investments

Monitor & Modify
Investments

YOU,
as college students,
are better wired
and equipped to
make long-term
plans – education,
career, financial &
otherwise – than
99% of humanity.

Be confident.
Be intentional.
Be diligent.
Be awesome.

EDUCATION GOALS

EDUCATION STRATEGIES

Identify Your Risk
Tolerance & Priorities

Identify Your Time
Horizons

Select Your Field, Program,
Specialization, Thesis

Monitor & Modify
Your Progress & Plan

Owning Your Financial Future

YOUR VALUES

YOUR GOALS

Education

Career

Family

FINANCIAL STRATEGIES

Investing

**Income & Expense
Management**

**Debt
Management**

**Taxes, Insurance
& Other**

What is INVESTING?

Investing is saving for the future.

- We typically think of investing as long-term – anywhere from 1 or 2 years all the way through retirement.
- Saving vs. Investing
 - Saving can be short-term, Investing is typically long-term.
 - Saving is passive, Investing is dedicated...it could be relatively passive or extremely active.
 - Passive: Mutual funds. Extremely Active: Owning an apartment complex.
 - Saving is typically very low risk, Investing generally has more risk.
 - Saving provides low returns on investment (currently about 0.0%)
Inflation is risky...You can lose 100% or realize huge positive returns.

What Is Your Investing Goal?

*Take a few seconds to ask yourself:
Why Are You Investing?*

What are your investing goals?

To buy a house?

To buy a car?

To pay off debt?

To retire?

A Few Rules About INVESTING

- Investing is about Trade-Offs. Using money today to get (hopefully more) money in the future:

#1 Which would you rather we give you:

- (A) \$100 in cash today
- (B) \$100 in cash in 12 months

#2 Which would you rather we give you:

- (A) \$100 in cash today
- (B) \$500 in cash in 12 months

#3 Which would you rather we give you:

- (A) \$100 in cash today
- (B) \$120 in cash in 12 months

A Few Rules About INVESTING

- Risk matters. Know your risk tolerance.
- Goals matter. Be intentional about what you are saving for.
 - Maybe create 3-5 different investment accounts for different goals.
 - This is what I do – I'll show you why in a bit.
- Transaction costs matter. You can pay a lot of fees for not much benefit or service. Be careful.
- Experts rarely have tips or secrets. Investing is about predicting the future, and none of us can predict the future (perfectly). Be careful.
 - If there really were sure-things or get-rich-quick schemes, the experts would be using them themselves, not sharing them with you.
- Communicate with your family. Achieving goals is a family affair.

A Few Rules About INVESTING

- Investing lets **COMPOUND INTEREST** be your friend.
 - With compound interest, your interest earns interest.
 - Without actively making decisions, your money can grow exponentially.
- Yes, there is risk – the exponential growth rate could be negative.
- Such risk is greatest if you ‘invest’ over very short periods of time.
- Historically, over the past 100+ years, if you invest for 5+ years, you have benefited from positive exponential growth.
- The average return of a common stock over the past 100 years is 10%.
 - The word ‘average’ is very important here. But, the good news, we can all achieve ‘average’ returns relatively easily (though they may not be 10% in the future)

A Few Rules About INVESTING

- Investing lets **COMPOUND INTEREST** be your friend.
 - Invest \$100 at 10% interest or growth:
 - Year 1: $\$100 \times (1 + 10\%) = \110
 - Year 2: $\$110 \times (1 + 10\%) = \121
 $\$100 \times (1 + 10\%)^2 = \121
 - Year 1: \$10 of interest
 - Year 2: \$10 of interest on your original \$100
+ \$1 of interest on year 1 interest

Expertise Matters

- Take a minute to think about the following question:

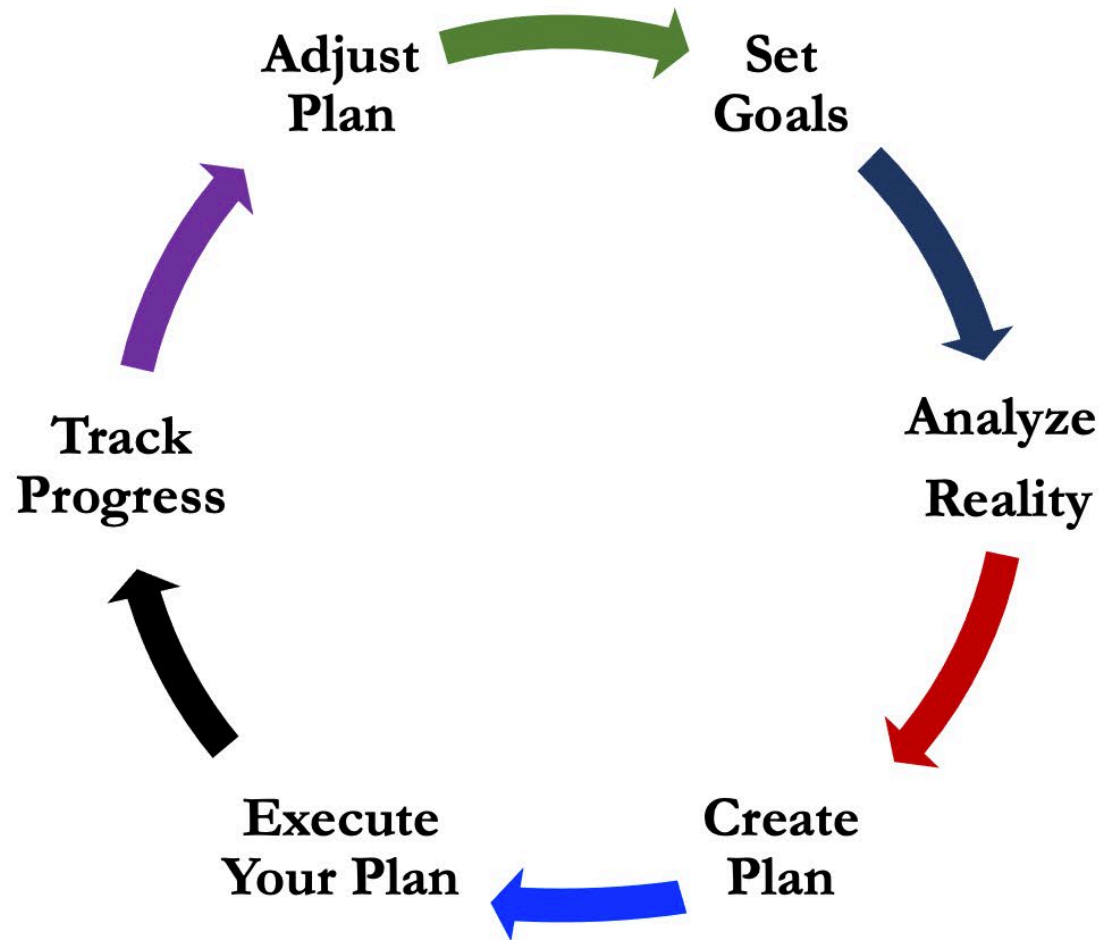
What do YOU do better than 99.9% of humanity?

- Think about what you're studying. Think about what you've been working on for years. Think about what you know that I do not know.
- I've probably only spent 1-2 hours studying what you have dedicated your life to studying and becoming an expert in.
- Could I do your job as well as you do it?

Expertise Matters

- Of course, I couldn't do your job as well as you.
- Now connect this logic to investing: there are many professionals who have dedicated their lives to making investments. They are good.
 - Yes, there are many amateurs involved in trading stocks – but they (usually) account for a very minor portion of the total money invested.
- Remind yourself of this old gambling maxim:

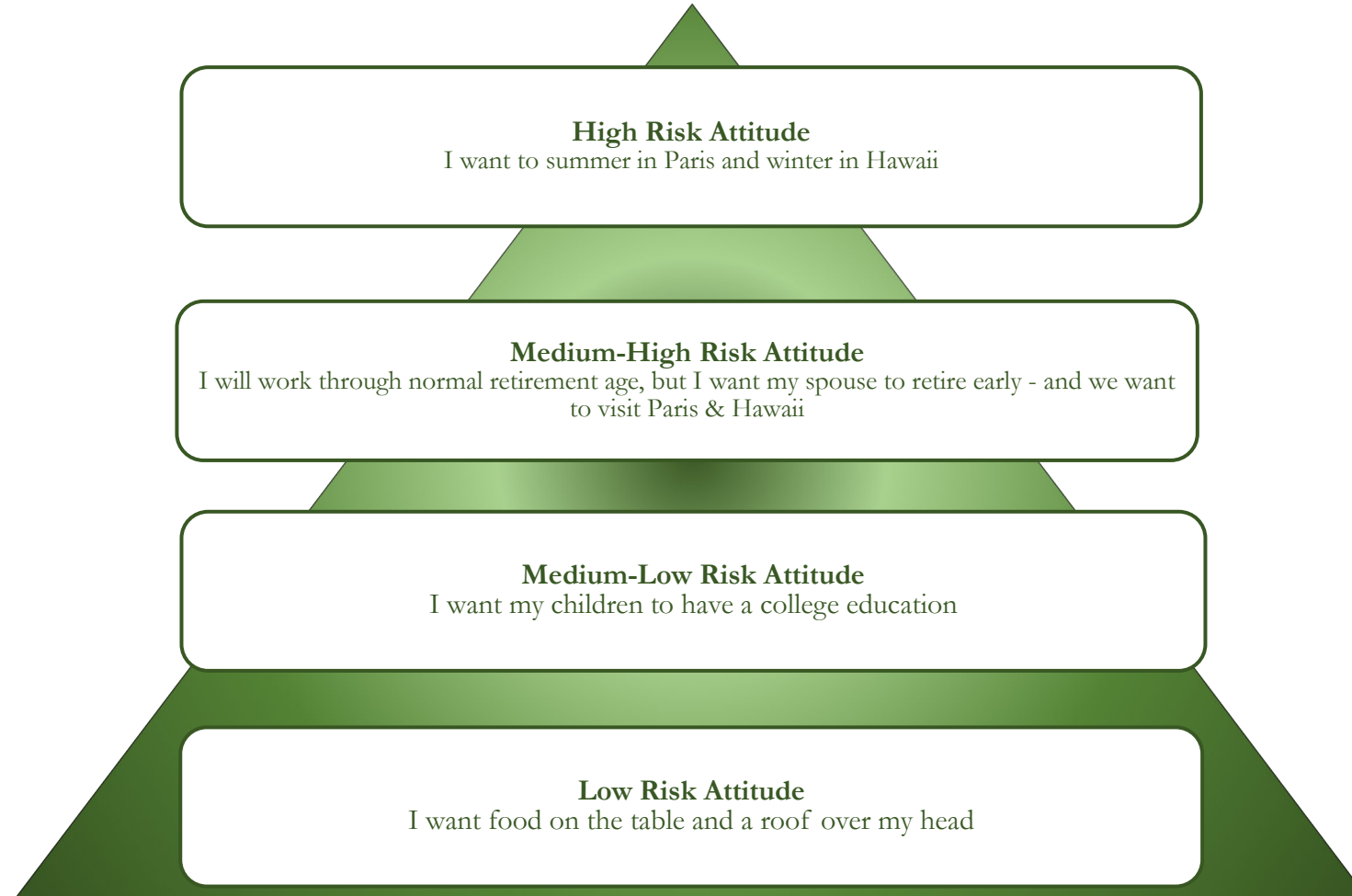
When you are sitting at the poker or gambling table, take a look around and see if you can figure out who the sucker is. If you cannot identify who the sucker is, then the sucker is probably you.



1. **Set your goals.** What do you want to achieve in life? What financial goals will make this happen?
2. **Analyze your reality.** What is your situation? What is your income? What are your expenses? When can you achieve your goals?
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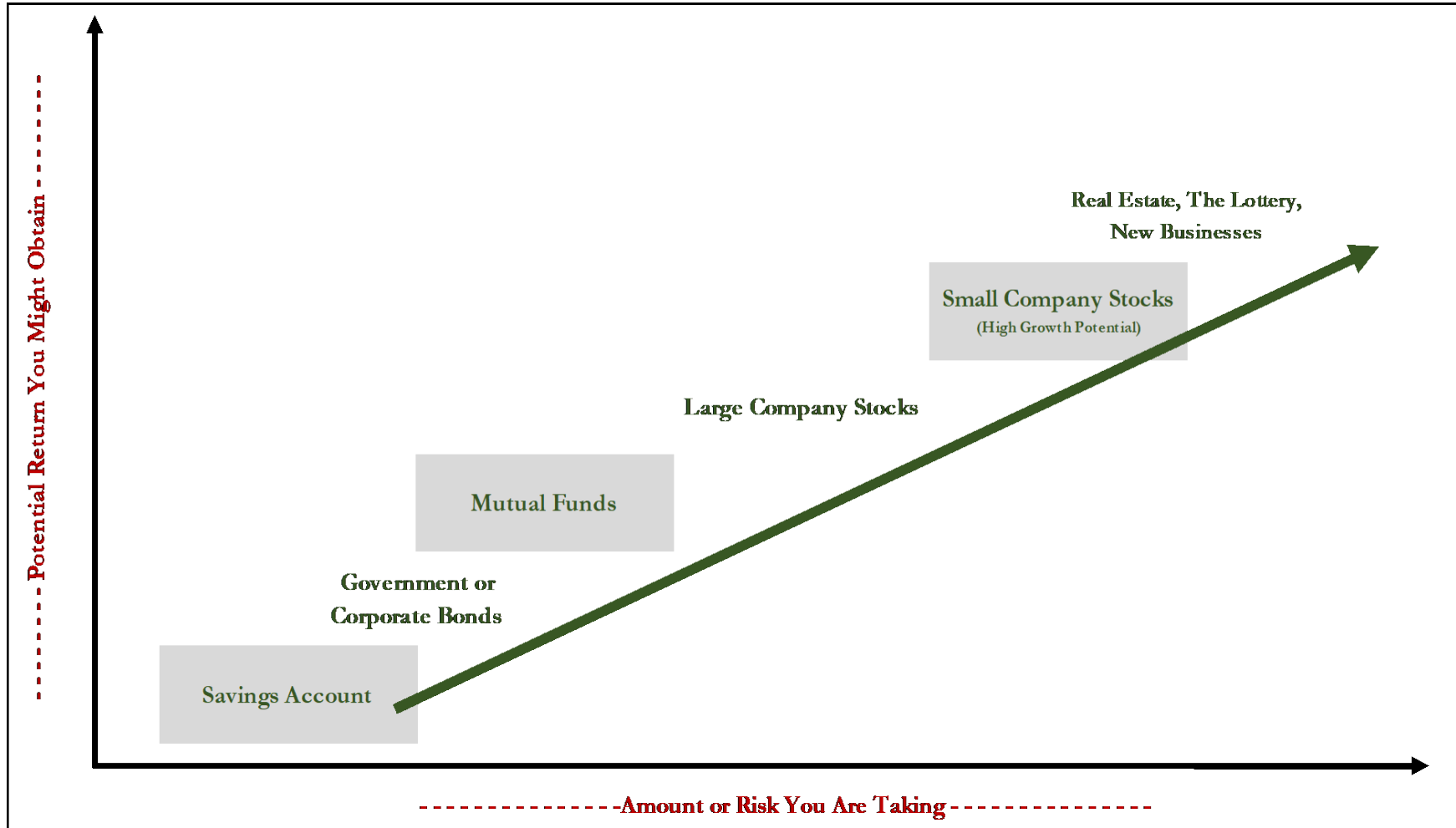
Determining Your Risk Tolerance



Determining Your Risk Tolerance

Global Portfolio Allocation Scoring System (PASS) for Individual Investors					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Earning a high long-term total return that will allow my investments to grow faster than the inflation rate is one of my most important objectives.	5	4	3	2	1
I would like an investment that provides me with an opportunity to defer paying taxes on any gains far into the future.	5	4	3	2	1
I do not need my investments to provide a large amount of current income.	5	4	3	2	1
I am willing to tolerate some sharp down-swings on my investments in order to seek a potentially higher return than would normally be expected from more stable investments.	5	4	3	2	1
I am willing to risk a short-term loss in return for a potentially higher long-run rate of return.	5	4	3	2	1
I am financially able to accept a low level of liquidity in my portfolio; I can wait for several years before needing cash from my investments.	5	4	3	2	1

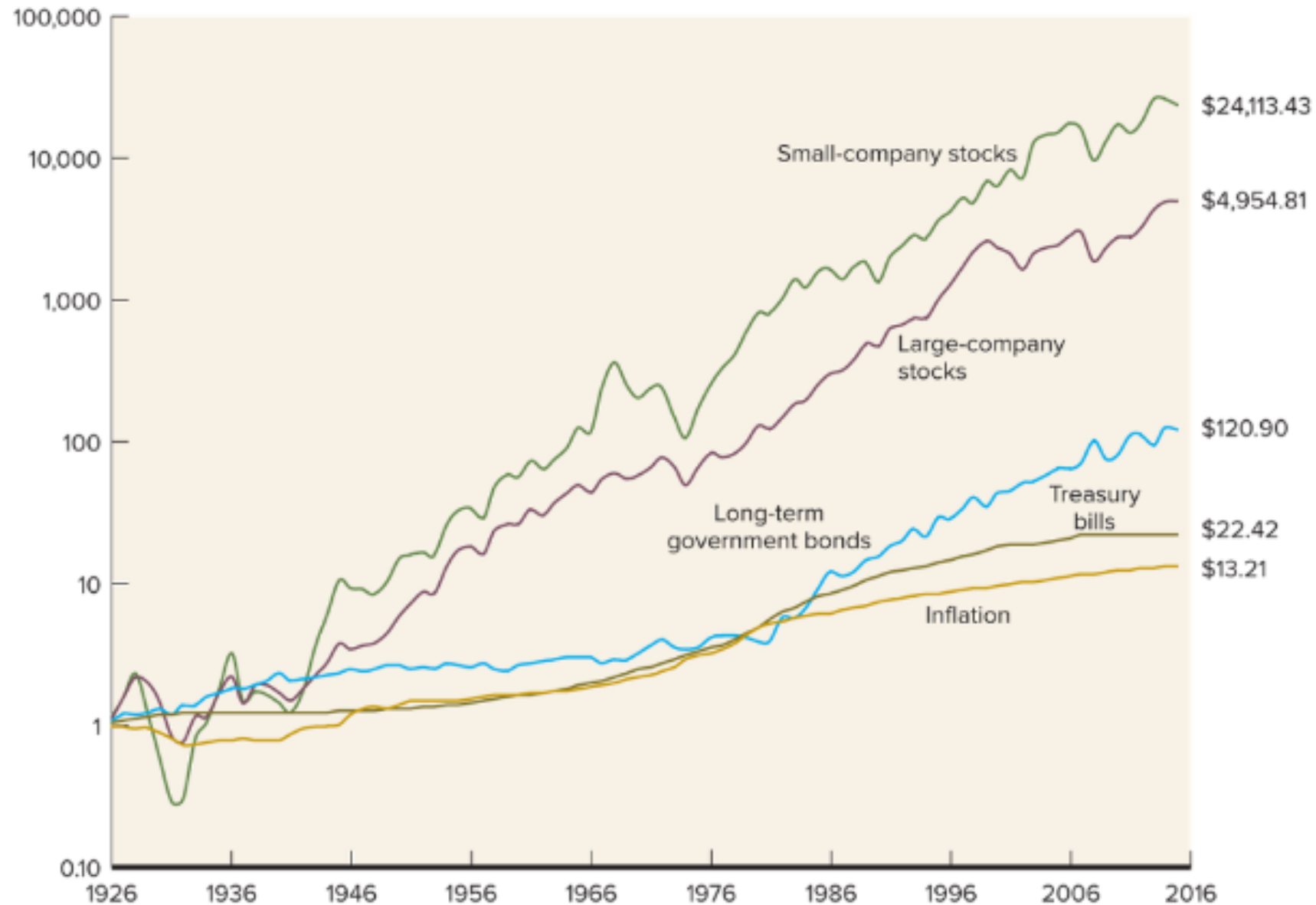
Comparing Different Investments



Comparing Different Investments

What Investment Options Are Available to You?			
Type of Investment	Potential Return	Amount of Risk	Comments
Stocks - Large Companies with reliable income	Moderate - Historically 5-8% per year	Moderate. Losses are possible, but should be temporary	Good for long-term investors. Might provide regular income, which you would pay taxes on.
Stocks - Large Companies with less reliable income	Moderate - Historically 7-10% per year	Moderately High. Pretty big losses are possible, but should be temporary	Good for long-term investors. Probably do not provide regular income - you only get income when you sell.
Stocks - Smaller Companies with high potential for growth	High - Historically 10-12% per year	High. Pretty big losses are possible, but should be temporary	Good for long-term investors. Probably do not provide regular income - you only get income when you sell.
Bonds - Corporate	Moderate - Historically 3-6% per year	Moderately low. Losses are unlikely.	Good for long-term investors. Will provide regular income, which you would pay taxes on.
Bonds - Government	Moderate - Historically 1-5% per year	Low. Losses are unlikely. You will get your money back.	Good for short- and long-term investors. Will provide regular income, but you won't pay taxes.
Mutual Funds - Either Stocks or Bonds	Moderate - Could be as low as 3-4% or over 10%.	Moderate. Huge gains are unlikely, losing everything is unlikely.	Mutual funds pool money to make lots of investments; your risk is lower but won't own any specific company.
Real Estate	Who knows? Nobody knows.	Very High. Be prepared for anything.	Very sensitive to the overall economy. And the entry price can be very high.
Yourself + Your Education	Enormous	Very low if you work hard. Very high if you're lazy.	Without question, the best investment you can make. You get to determine how much this investment pays off.
The Lottery	Negative	Very High	See the next Chapter - You should expect to lose all of your money.

Comparing Different Investments



The Magic of Compound Returns

How Much Will You Have By Saving or Investing Annually for 10 Years?

		Savings Amount per Year				
		\$1,000	\$2,000	\$3,000	\$4,000	\$5,000
Interest Rate on Savings or Rate of Return on Investments	1%	\$10,462	\$20,924	\$31,387	\$41,849	\$52,311
	2%	\$10,950	\$21,899	\$32,849	\$43,799	\$54,749
	3%	\$11,464	\$22,928	\$34,392	\$45,856	\$57,319
	4%	\$12,006	\$24,012	\$36,018	\$48,024	\$60,031
	5%	\$12,578	\$25,156	\$37,734	\$50,312	\$62,889
	6%	\$13,181	\$26,362	\$39,542	\$52,723	\$65,904
	7%	\$13,816	\$27,633	\$41,449	\$55,266	\$69,082
	8%	\$14,487	\$28,973	\$43,460	\$57,946	\$72,433
	9%	\$15,193	\$30,386	\$45,579	\$60,772	\$75,965
	10%	\$15,937	\$31,875	\$47,812	\$63,750	\$79,687
	11%	\$16,722	\$33,444	\$50,166	\$66,888	\$83,610
	12%	\$17,549	\$35,097	\$52,646	\$70,195	\$87,744
	13%	\$18,420	\$36,839	\$55,259	\$73,679	\$92,099
	14%	\$19,337	\$38,675	\$58,012	\$77,349	\$96,686
	15%	\$20,304	\$40,607	\$60,911	\$81,215	\$101,519

The Magic of Compound Returns

How Much Will You Have By Saving or Investing Annually for 20 Years?

Interest Rate on Savings or Rate of Return on Investments	Savings Amount per Year				
	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000
1%	\$22,019	\$44,038	\$66,057	\$88,076	\$110,095
2%	\$24,297	\$48,595	\$72,892	\$97,189	\$121,487
3%	\$26,870	\$53,741	\$80,611	\$107,481	\$134,352
4%	\$29,778	\$59,556	\$89,334	\$119,112	\$148,890
5%	\$33,066	\$66,132	\$99,198	\$132,264	\$165,330
6%	\$36,786	\$73,571	\$110,357	\$147,142	\$183,928
7%	\$40,995	\$81,991	\$122,986	\$163,982	\$204,977
8%	\$45,762	\$91,524	\$137,286	\$183,048	\$228,810
9%	\$51,160	\$102,320	\$153,480	\$204,640	\$255,801
10%	\$57,275	\$114,550	\$171,825	\$229,100	\$286,375
11%	\$64,203	\$128,406	\$192,608	\$256,811	\$321,014
12%	\$72,052	\$144,105	\$216,157	\$288,210	\$360,262
13%	\$80,947	\$161,894	\$242,840	\$323,787	\$404,734
14%	\$91,025	\$182,050	\$273,075	\$364,100	\$455,125
15%	\$102,444	\$204,887	\$307,331	\$409,774	\$512,218

How Much Will You Have By Saving or Investing Annually for 40 Years?

Interest Rate on Savings or Rate of Return on Investments	Savings Amount per Year				
	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000
1%	\$48,886	\$97,773	\$146,659	\$195,545	\$244,432
2%	\$60,402	\$120,804	\$181,206	\$241,608	\$302,010
3%	\$75,401	\$150,803	\$226,204	\$301,605	\$377,006
4%	\$95,026	\$190,051	\$285,077	\$380,102	\$475,128
5%	\$120,800	\$241,600	\$362,399	\$483,199	\$603,999
6%	\$154,762	\$309,524	\$464,286	\$619,048	\$773,810
7%	\$199,635	\$399,270	\$598,905	\$798,540	\$998,176
8%	\$259,057	\$518,113	\$777,170	\$1,036,226	\$1,295,283
9%	\$337,882	\$675,765	\$1,013,647	\$1,351,530	\$1,689,412
10%	\$442,593	\$885,185	\$1,327,778	\$1,770,370	\$2,212,963
11%	\$581,826	\$1,163,652	\$1,745,478	\$2,327,304	\$2,909,130
12%	\$767,091	\$1,534,183	\$2,301,274	\$3,068,366	\$3,835,457
13%	\$1,013,704	\$2,027,408	\$3,041,113	\$4,054,817	\$5,068,521
14%	\$1,342,025	\$2,684,050	\$4,026,075	\$5,368,100	\$6,710,125
15%	\$1,779,090	\$3,558,181	\$5,337,271	\$7,116,361	\$8,895,452

The Magic of Compound Returns

Quiz Question on Compound Returns:

- Under which of the following scenarios will you have more money saved when you turn 65?
 - (A) Investing \$100 per month from age 25-35 (and then nothing from 35-65)
 - (B) Investing \$100 per month from age 35-65 (but nothing from 25-35)

The Magic of Compound Returns

Quiz Question on Compound Returns:

- Under which of the following scenarios will you have more money saved when you turn 65?
 - (A) Investing \$100 per month from age 25-35 (and then nothing from 35-65)
With an 8% return, you will have \$185,000 accumulated at 65.
 - (B) Investing \$100 per month from age 35-65 (but nothing from 25-35)
With an 8% return, you will have \$150,000 accumulated at 65.

Note: If the returns on your investments are less than 6%, (B) will lead to greater wealth.

There's a similar but different problem on page 37 of your handbook.

Review: A Few Rules About INVESTING

- Investing lets **COMPOUND INTEREST** be your friend.
 - With compound interest, your interest earns interest.
 - Without actively making decisions, your money can grow exponentially.
- Yes, there is risk – the exponential growth rate could be negative.
- Such risk is greatest if you ‘invest’ over very short periods of time.
- Historically, over the past 100+ years, if you invest for 5+ years, you have benefited from positive exponential growth.
- The average return of a common stock over the past 100 years is 10%.
 - The word ‘average’ is very important here. But, the good news, we can all achieve ‘average’ returns relatively easily (though they may not be 10% in the future)

Review: A Few Rules About INVESTING

- Investing lets **COMPOUND INTEREST** be your friend

Not to be too esoteric or philosophical...

But compound interest doesn't just apply to investing.

Compound interest applies to all aspects of college life:

Time Management

Mental Health

Health Management

Writing Skills

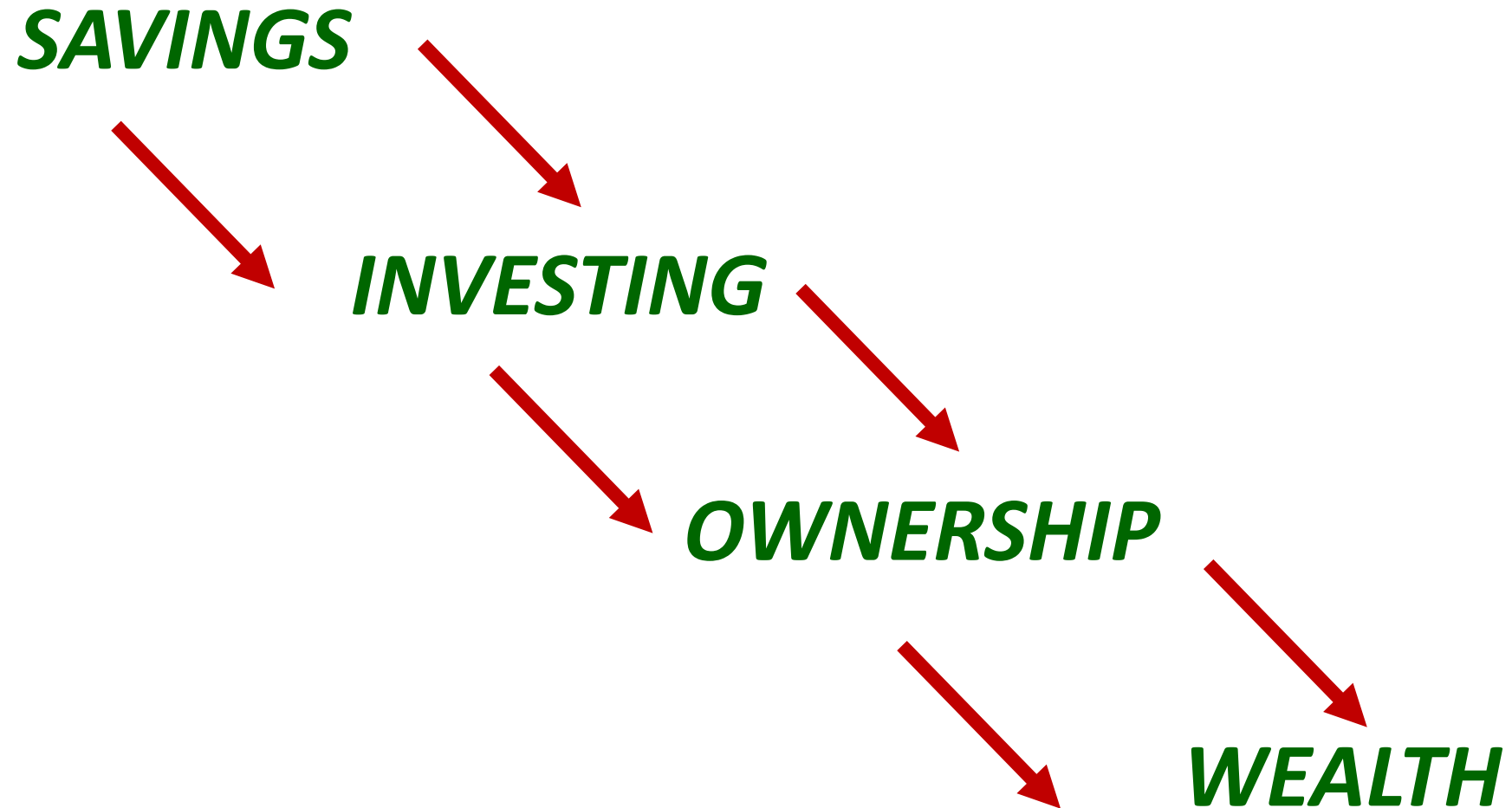
Relationships

And...Of course, Money Management

Investing – Some Perspective

- I am biased because I am a finance professor. I study investing and I teach investing. My perspective on risk may be meaningless to you.
- Do not take my advice on what level of risk you should take. Be thoughtful, be prudent.
- Avoid doing things that you know are stupid and that you know will cause you stress.
- But don't be afraid of taking risks just because they scare you. You have already taken many, many risks in your life. Taking informed and measured risks will continue to open many doors and opportunities for you – in both your personal and financial lives.

A Few Opening Morals



Common Questions about Investing & Saving

How can I save when my income is so low as a student?

My problem isn't budgeting but it's having too little income.

- Your short-term priorities while in grad school need to be your education, your family and your mental health.
- Maybe saving cannot be a priority for you while you're in school.
- The goal is to develop habits and a mindset that will prepare you to maximize the benefits of saving when your income allows you to do so. Be patient. The benefits of good habits will grow exponentially.

Common Questions about Investing & Saving

How can I save when my income is so low as a student?

My problem isn't budgeting but it's having too little income.

- And think of ways to generate more money: gigs, internships, tutor, lab assistant, freelance positions, blogger, podcasts, consulting
 - Create new jobs for yourself: maybe sell your skills in social media marketing to a company you want to work for, regardless of your program
- A lot of the advice we think of in budgeting is about “reducing expenses.” And that’s because we generally have more control over our expenses than we do over our income, at least in the short-term. Do what you can.
 - And, decreasing expenses can feel like an increase income. Same same.

Common Questions about Investing & Saving

How much of my income should I be saving each month?

- Only you can answer this. Nobody can answer it for you.
- It depends on:
 - What your goals are, both short- and medium-term.
 - What your immediate expenses are.
- I frequently advise students to save \$25 of every paycheck as soon as they receive each paycheck. Save or set aside as much as you can.
 - When I was getting my Master degree, I had no income. I was living off a little savings and a lot of debt. But I intentionally saved \$10 to \$25 on the first day of each month...simply to develop the habit.
 - In school, the habit is more important than the amount.

Common Questions about Investing & Saving

How much of my income should I be saving each month?

My challenge to you:

Take \$10 of every paycheck and move it into a savings account.
If you can save more, do it.

But at a minimum, save \$10 of every paycheck to develop the habit.

My advanced challenge to you:

Take half of what you save each month and invest it in the stock market.

Common Questions about Investing & Saving

How do I save for a big purchase – house, car, etc...?

- Start by asking yourself a few questions:
 - How much do I need to save?
 - When am I going to make this purchase?
 - Is this essential or discretionary? (A refrigerator or car vs. a vacation)
- These questions will help identify timing and priority.
 - Knowing timing & priority will help determine how you save.
 - Do you use a bank savings account or do you have time to invest in the stock market?

Common Questions about Investing & Saving

How do I save for a big purchase – house, car, etc...?

- I would explicitly allocate some of my monthly savings to this purchase.
 - I have already penciled in my holiday gift purchases – even though I won't make them for 2 months.
- We will talk about my 5 buckets for saving-investing in a few slides.
- If it's a really big purchase (e.g. house), you could even set up a dedicated saving or investing account just for that purchase.

MONTHLY BUDGET	EXAMPLE	THIS MONTH
INCOME		
Job #1 -	\$ 1,200.00	
Job #2 -	250.00	
Job #2 -	100.00	
Other -	50.00	
Other -	-	
Other -	-	
TOTAL INCOME	\$ 1,600.00	
EXPENSES		
Savings - General	\$ 50.00	
Savings - New Car, in 2023	125.00	
Savings - New House, in 2026	250.00	
Rent or Housing	400.00	
School - Tuition & Fees	150.00	
School Supplies	50.00	
Phone Bill	100.00	
Insurance - Car	100.00	
Insurance - Home	25.00	
Insurance - Health	-	
Food - Grocery	200.00	
Food - Restaurants	50.00	

Common Questions about Investing & Saving

How do I save for a big purchase – house, car, etc...?

- I would explicitly allocate some of my monthly savings to this purchase.

These budgeting templates are in the handbook on pages 24-25.

You can download them from the MCOBA website, search for “Personal Financial Planning.”

Or you can email me and I will send them to you.

- It could even set up a dedicated saving or investing account just for that purchase.

MONTHLY BUDGET	EXAMPLE	THIS MONTH
INCOME		
Job #1 -	\$ 1,200.00	
Job #2 -	250.00	
Job #2 -	100.00	
Other -	50.00	
Other -	-	
Other -	-	
TOTAL INCOME	\$ 1,600.00	
EXPENSES		
Savings - General	\$ 50.00	
Savings - New Car, in 2023	125.00	
Savings - New House, in 2026	250.00	
Rent or Housing	400.00	
School - Tuition & Fees	150.00	
School Supplies	50.00	
Phone Bill	100.00	
Insurance - Car	100.00	
Insurance - Home	25.00	
Insurance - Health	-	
Food - Grocery	200.00	
Food - Restaurants	50.00	

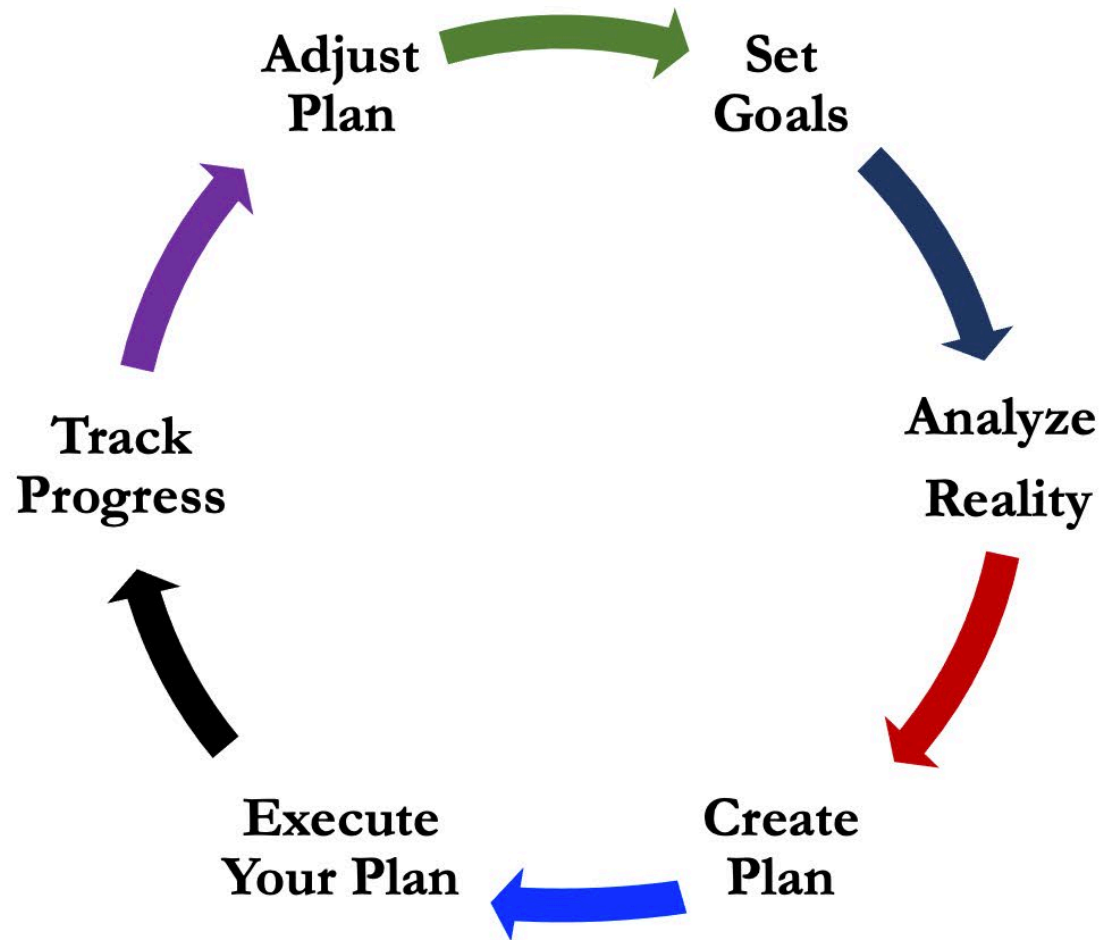
Common Questions about Investing & Saving

How much of my income should I be investing each month?

- Again, only you can answer this. Nobody can answer this for you.
- Your goals, values and resources are unique to you...and only you.
- You may read reports about how much you should have saved by a certain age or whatever.
 - It's okay to read those, but be sure to put them into your own perspective.
 - Those articles do not know what your goals are, do not know that you are in graduate school and do not know what your future plans are.
 - It is important to have a plan – but it is critical that that plan is unique to you and your situation.

Some Parting Words

- Nothing in finance is free. Do not think some institution is giving you a super deal just because they like you. There will be costs.
- Investment companies work really hard to get your money. They hire psychologists to figure out how to get you addicted to your products. Your money pays for their commercials, buildings, fancy cars and vacation homes.
- I check my bank, savings & investment accounts daily. I do not make changes daily (or even monthly). I just don't want any surprises.



1. **Set your goals.** What do you want to achieve in life? What financial goals will make this happen?
2. **Analyze your reality.** What is your situation? What is your income? What are your expenses? When can you achieve your goals?
3. **Create your plan.** Focus on the short-term – the next 3-6 months – and the long-term – the next 1, 2, 5 and 10 years.
4. **Execute your plan.** Work to decrease your expenses, and to pay off debt. Work to increase your income and your savings.
5. **Track your progress.** How are you doing? Are you ahead of your goals? Are you behind your goals?
6. **Adjust your plan** to reflect your progress, your new reality and any new goals.
7. **Repeat. Revise. Enjoy.**

Isn't this a lot like what you do with your education planning?

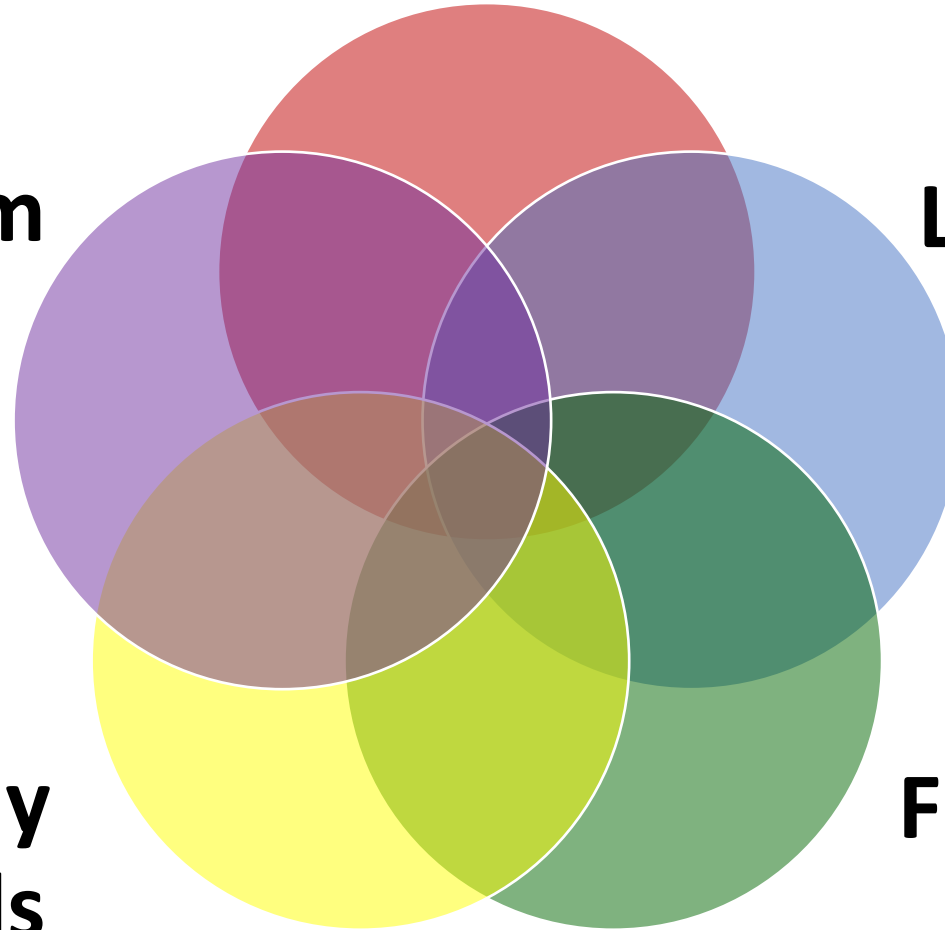
Happiness

**Short-Term
Goals**

**Long-Term
Goals**

**Family
Needs**

**Financial
Needs**



Financial Wellness

A goal without a plan is just a dream.

Wealth is largely the result of habit.

The most difficult thing is the decision to act; the rest is mere tenacity.

It takes as much energy to plan as it does to wish.

You cannot escape the responsibility of tomorrow by avoiding it today.

***A goal without a
plan is just a
dream.***

***Don't wait around for other
people to be happy for you.
Any happiness you get,
You've got to make yourself.***
~ Alice Walker, poet & novelist

***Wealth is largely
the result of
habit.***

***The most difficult
thing is the decision
to act; the rest is
mere tenacity.***

***It takes as much
energy to plan as
it does to wish.***

***You cannot escape
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avoiding it today.***

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<http://business.louisiana.edu/financeispersonal>



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