Informational Webinar
Investor Education Curriculum
Presenters

Sarah Dewees
First Nations Development Institute

Shawn Spruce
Financial Education Consultant
Pop Quiz!!
Apple recently made history by becoming the first U.S. company to

- Develop a smart watch
- Reach a $1 trillion market cap valuation
- Hire a robot to serve coffee and donuts to visitors at its headquarters
- None of the above
This shoe company’s stock is up 836% from 2012 to 2017

- Nike
- Adidas
- Under Armor
- Skechers
If an original NFL team or NFC expansion team wins the Super Bowl the stock market usually goes up the next year.

- True
- False
Investing can be a means of

- Safeguarding your money against loss from inflation
- Creating a financial nest egg for children and grandchildren
- Asserting oneself politically and economically
- All of the above
Native American people have money to invest in the form of:

- Lump sums from per capita, land buy backs, and other sources
- Settlements
- Economic development
- Successful career choices
- All of the above
Would you take this bet on a coin toss?

Heads  You win $200

Tails  You lose $100
Investing for the Future Curriculum

1. Workbook
2. Slide Presentation
3. Activity Set
Investing for the Future
Train the Trainer Workshop

When: October 16\textsuperscript{th}-17\textsuperscript{th}, 2018

Where: Northern Quest Resort
Spokane, WA

Register today at firstnations.org
Step 1: Getting Started

Ready to Invest Checklist

☐ Pay off debt
☐ Purchase insurance
☐ Build emergency savings
☐ Pay bills and still save
Ask Yourself . . .

1. What do I want?

2. When do I want it?

3. How will I achieve it?
Three Types of Investments

1. Equity
2. Debt
3. Cash
Understanding Risk

- Collectibles
- Equity / Stock & Mutual Funds
- Debt / Bonds
- Cash, Bank Savings Accounts, Bank Certificate of Deposit, & Bank Money Market Accounts

Higher Risk, Higher Potential Return
Lower Risk, Lower Return
Building Wealth

One key to getting ahead financially is to have more assets than liabilities. Here’s how the math works:

Assets - Liabilities = Net Worth
# Stevens Family Assets

<table>
<thead>
<tr>
<th>Asset</th>
<th>Notes</th>
<th>Current Value/Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Their home</td>
<td>1,800 sq. ft., 3 bedrooms</td>
<td>$150,000</td>
</tr>
<tr>
<td>Pauline’s car</td>
<td>Brand new</td>
<td>$24,000</td>
</tr>
<tr>
<td>James’ truck</td>
<td>5 years old, paid off</td>
<td>$14,000</td>
</tr>
<tr>
<td>Pauline’s 401K</td>
<td>Employer-sponsored retirement plan</td>
<td>$9,000</td>
</tr>
<tr>
<td>Pauline’s checking account</td>
<td></td>
<td>$1,500</td>
</tr>
<tr>
<td>James’ checking account</td>
<td></td>
<td>$2,300</td>
</tr>
<tr>
<td>Savings account</td>
<td>Joint account</td>
<td>$4,000</td>
</tr>
<tr>
<td>TOTAL ALL ASSETS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Stevens Family Liabilities

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Notes</th>
<th>Amount/Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home mortgage</td>
<td>30 year term, 5.25% APR*</td>
<td>$136,000</td>
</tr>
<tr>
<td>Auto Loan</td>
<td>6-year term, 7% APR</td>
<td>$22,000</td>
</tr>
<tr>
<td>Pauline’s student loans</td>
<td>3 separate loans, average 9% APR</td>
<td>$33,000</td>
</tr>
<tr>
<td>James’ student loan</td>
<td>1 loan, 9% APR</td>
<td>$7,000</td>
</tr>
<tr>
<td>Mastercard</td>
<td>Joint account, 17% APR</td>
<td>$4,200</td>
</tr>
<tr>
<td>Visa</td>
<td>Joint account, 18% APR</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>TOTAL ALL LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*APR (annual percentage rate)
Stevens Family Net Worth

<table>
<thead>
<tr>
<th>Assets</th>
<th>-</th>
<th>Liabilities</th>
<th>=</th>
<th>Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>$204,800</td>
<td>-</td>
<td>$207,200</td>
<td>=</td>
<td></td>
</tr>
</tbody>
</table>

Do they have:

- **Positive net worth?**
- **Negative net worth?**
Step 2: Stocks and Bonds

**Stocks** are equity investments, meaning stock investors hold an ownership interest in the publicly-traded companies they purchase stock in.
An investor who purchases a **bond** holds a legal agreement that entitles him or her to a piece of debt from a borrower, or bond issuer. The bond investor is paid interest until the bond matures.
## Compound Interest

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (principal)</th>
<th>Interest Rate</th>
<th>Interest Calculation</th>
<th>Final Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$500 (principal)</td>
<td>.035</td>
<td>$17.50 + $500 (principal) = $517.50</td>
<td></td>
</tr>
<tr>
<td>Year 2</td>
<td>$517.50 (new principal)</td>
<td>.035</td>
<td>$18.11 + $517.50 (principal) = $535.61</td>
<td></td>
</tr>
<tr>
<td>Year 3</td>
<td>$535.61 (new principal)</td>
<td>.035</td>
<td>=</td>
<td></td>
</tr>
<tr>
<td>Year 4</td>
<td>$535.61 (new principal)</td>
<td>.035</td>
<td>=</td>
<td></td>
</tr>
<tr>
<td>Year 5</td>
<td>$535.61 (new principal)</td>
<td>.035</td>
<td>=</td>
<td></td>
</tr>
</tbody>
</table>
Inflation and Real Rate of Return

**Inflation** is a measure of how much more you have to pay this year than last year to achieve the same level of well-being.
Mutual Funds

Advantages

• Diversify investments while reducing risk
• Professional management
• Wide selection of investment sectors and strategies
S&P 500 Index

• 500 largest publicly traded US companies

• 12 Year Low: 666 points (March 2009)

• Record High: 2,700 points (January 2018)

• 9.8% average annualized total return
Other Common Indexes

• Dow Jones Industrial Average
• NASDAQ 100
• Russell 3000
• Russell 2000
• MSCI World
• Bloomberg Barclays US Aggregate Bond
Avoiding Fraud

**Fraud** is defined as the deliberate deception to secure unfair or unlawful gain.

**Fraud Resources:**
- www.saveandinvest.org
- www.finra.org/brokercheck
- www.consumerfinance.gov
Reciprocity
Giving a free gift or a special discount creates a sense of obligation in a person’s mind to make a purchase.

Source Credibility
Trying to build credibility by claiming the product is of high quality or that others approve of it.

Social Consensus
Leading you to believe that “everyone is doing it” and that you should be doing it, too.

Scarcity
Creating a false sense of urgency by suggesting that something is a short-term offer or is in limited supply.

Benefit
Telling you that this product will benefit you and improve your life.
Step 3: Putting the Pieces Together

Investing Strategies

- Liquidity
- Income
- Long Term
The Power of Periodic Investing

$100 invested per month, compounded quarterly at 6%
Asset Allocation: selecting a mix of asset classes in a manner that aligns with your investing goals.
Diversification

Don’t put all your eggs in one basket!
Super Stocks

Fact

20 stocks accounted for 25% of the total dollar wealth creation in the stock market from 1926 to 2015.
1. Exxon Mobile
2. Apple
3. General Electric
4. Microsoft
5. IBM
6. Altria Group
7. General Motors
8. Johnson & Johnson
9. Walmart
10. Procter & Gamble
11. Chevron
12. Coca Cola
13. AT&T
14. Amazon
15. Du Pont
16. Alphabet
17. Merck
18. Wells Fargo
19. Intel
20. Home Depot
What Drives Investment Returns?

- **70%** Asset Allocation
  - Stocks, Bonds, Cash, Other Asset Classes

- **20%** Stock Sub-Asset Allocation
  - Country, Sector, Market Cap, Valuation

- **10%** Bond Sub-Asset Allocation
  - Duration, Issuer Type, Credit Quality, Taxable vs Tax Free

- Individual Security Selection

Portfolio Performance
Investing for the Future
Train the Trainer Workshop

When: October 16\textsuperscript{th}-17\textsuperscript{th}, 2018

Where: Northern Quest Resort
Spokane, WA

Register today at firstnations.org
Financial Education Consultant
1001 Windsor Drive
Asheville, NC 28803

(505) 917-0709 mobile

agoyopi@gmail.com

Contact: Shawn Spruce