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“We’ve done our job if at the end of this workshop, our participants have more questions than we have time to answer.” – James Cordry, OST Fiduciary Trust Officer and Financial Educator

Disclaimer

All names and examples provided in this workbook are fictional. Any resemblance to actual individuals or their financial situations are coincidental.

This workbook is intended for educational purposes only. It does not offer specific investment advice or recommendations and should not be relied on as legal or tax advice. Please seek the counsel of a qualified attorney, tax professional, or investment advisor for further assistance.

More Information

To obtain additional copies of this workbook or for more information about investing training opportunities, please contact First Nations Development Institute at 303-774-7836 or info@firstnations.org.

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Progress is happening in Indian Country and a growing number of Native people have money to invest. Whether the sources are from economic development, gaming, settlements or successful career choices, money provides exciting opportunities. Investing is a skill that will help you build a healthy and prosperous financial future. It is one of the key steps toward establishing your financial security and doesn’t have to be complicated or confusing. In fact, the basic principles of investing are the same whether an individual invests a few thousand dollars to create a personal nest egg or a tribal government invests millions to establish a legacy for future generations.

What does it mean to invest?

*Investing is putting your time or money into something with the expectation of getting something greater in return in the future.*

Investing is not the same as saving. When we save something, we are holding on to it so we can use it later. When we invest in something, we hope to get back our original investment plus more at a later time.
Reflection

What is the first word you think of when you hear the word “invest”?

Life is filled with investment choices. Opening a retirement account is an investment decision. Purchasing land or a home is an investment decision. Helping your children or grandchildren pay for college requires investment decisions (have you seen the cost of a college education lately?) Investing money is also not something that only rich people do. Or something you only need to think about as you grow older. Investing, in some way, shape or form, is something you do nearly every day.

Think about how previous generations managed and invested their resources. For example, out of a single corn harvest, a family would save some corn to replant later. One bushel of corn saved over the winter and planted in the spring soil grew into hundreds of bushels of corn for the next year’s harvest. Today, money is a resource just like corn, and investing it wisely provides financial well-being for those who rely on us.
You are probably already investing every day of your life without even thinking about it. Remember, investing is *putting your time or money into something with the expectation of getting something greater in return in the future*. In the space below, jot down if you have invested in any of these things, and what you got in return for your investment.

<table>
<thead>
<tr>
<th>What I invested in</th>
<th>How I invested in this</th>
<th>What I got in return for my investment (returns)</th>
</tr>
</thead>
<tbody>
<tr>
<td>My health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My personal relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My education or job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My home</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My money</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
For most people, investing comes later in the financial empowerment journey, after other goals and milestones have been achieved. Once you’ve reached the goals listed below, you’re ready to start planning for your long-term financial future. That means you are ready to start investing.

**Ready to Invest Checklist**

- Paid off all consumer debt such as credit cards, payday loans, and any other short-term loans.
- Purchased suitable insurance to cover needs and risks facing you and your family, such as life insurance, homeowner’s or renter’s insurance, and health insurance if necessary.
- Built an emergency fund to cover at least three months’ worth of living expenses.
- Reached the point where you can pay all of your bills each month and still save some extra cash.

**What, When and How**

Before investing any of your money, you next owe it to yourself to answer three essential questions. This might seem really basic at first, but it could take some time to clarify your ideas on paper.

1. What do you want to achieve by investing? For example: Are you looking to save for a down payment on a house? Save for retirement? Create a nest egg you can pass on to your children?

Write your investing goals in the space below. Be specific, for example: *Build a $100,000 retirement account that allows me to work only part time.*
2. Now think about your time frame. When would you like to achieve your investing goals? Again be specific, for example: *Retire from my current career in 25 years at age 65.*

3. How will you plan for how you’re going to achieve your goals and the time frame identified above? This question doesn’t need to be answered in perfect detail but should provide a basic framework for moving forward. For example: *Invest a portion of my current savings to create a balanced portfolio of medium-risk stocks and bonds. Then contribute 20% of my income into the portfolio each month.*
Unfortunately, too many investors don’t bother with these questions and plunge headfirst into purchasing investments without much planning. Worse, they often feel overwhelmed after discovering the vast number of investment products available and countless companies selling them. However, selecting your investment products should be your last step and shouldn’t be a major headache if you’ve taken the time to clearly identify:

- What you want
- When you want it
- How you’re going to achieve it

And as for the thousands of investment products just mentioned, relax. There are thousands of products for sale at the supermarket, too, but when you know what you want for dinner, shopping is a breeze!

Another important consideration is if you want to be a “hands on” investor. Are you willing and able to commit extensive time to researching and analyzing investment opportunities so you can make well-informed decisions? How about after purchasing your investments, how much time will you spend monitoring them, reviewing statements and reports, and making adjustments, etc.? If this all sounds about as much fun as a root canal, that’s OK. Just make sure to design a plan that won’t require too much late-night homework for yourself.

Three Types of Investments

Earlier we learned that there are many types of things we can invest in such as our health, education, family and culture. These are all very worthwhile ambitions that add tremendous value to our lives. However, this workbook will focus on three main types of financial investments, all of which 1) hold specific monetary value, 2) can be bought or sold through established markets, and 3) are expected to produce income or profit. These three types are equity, debt, and cash investments.
**Equity**

Equity investments are stakes of ownership. They are also usually the most risky, volatile and profitable of the three types of investments. Equity investments come in many shapes and sizes and include:

- **Stocks** in publicly traded companies;
- Marketable securities such as futures, derivatives and swaps;
- Mutual funds that contain a *portfolio* or a collection of stocks or other marketable securities;
- Real estate such as land or a home; and
- Commodities like precious metals, oil or raw materials. People don’t actually buy barrels of oil or bars of gold, but instead buy partial ownership of these commodities that are held or stored elsewhere.

Owning a business is another type of equity investment. So is investing directly into a new business venture or start-up, commonly referred to as **private equity**. Business ownership and private equity are probably the most risky investments and demand heavy due diligence, but they also can be enormously profitable.

If this all sounds super confusing, it doesn’t have to be. In fact this workbook is going to focus primarily on **stocks** as the main forms of equity investments, so no need to fret about all the other stuff just mentioned.

**Debt**

Debt investments are available from companies, funds and governments that borrow money. When investing in debt you are lending your money for a specific period of time and will earn income based on an interest rate. Most debt investments come in the form of **bonds** that can be issued by companies, federal and local government, and even some tribes. Debt investments are usually less risky and volatile than equity investments but usually offer less income.
**Cash**
Cash investments are the most “liquid” of the three types of investments. **Liquidity** is a measure of how quickly an investment can be converted to cash. Cash or cash equivalent investments include checking and savings accounts, certificates of deposit (CDs), money market funds, and a host of other lesser-known financial products. It’s important to note that cash investments are usually short-term investments as opposed to most equity and debt investments. Therefore they are the least risky and usually offer the least income.

So that’s it: **equity**, **debt** and **cash**. All investments fall into one of these three categories.

**Understanding Risk**
A useful way to think of an investment is as a tool to increase the income that you receive and regulate when you receive it. But there is risk in any type of investment.

The word “**principal**” refers to the original money used to fund an investment, and the word “**income**” is the **return** generated by that principal, or the money that you earn on the investment. So you invest the principal and hope to earn income on that investment. Wow, that’s a mouthful — but the thing to remember is that anytime we invest **principal** we face the risk of losing a portion or all of it. In general, cash is the least risky, bonds are less risky, stocks and most mutual funds carry more risk, and things like collectibles are usually very risky. But more risky investments, like stocks, have a better potential for high returns. So it is always a trade off!
Risk is one of the most misunderstood investing concepts because it can be very hard to measure. Many investors will make one of two mistakes when selecting an appropriate level of risk when choosing investments — they either take on too much risk to pursue their investing goals, or not enough. Many factors contribute to an investor’s risk tolerance such as personality, age, income, debts, health and family responsibilities.

Here’s a quick quiz to help determine your risk tolerance.

**Quiz: How Risk Tolerant Are You?**

Select only one answer for each question below.

1. How would your friends describe you?
   - a. Very cautious.
   - b. On the cautious side.
   - c. On the risky side.
   - d. A real risk-taker.

2. Do you ever gamble at a casino or play the lottery?
   - a. Never have, never will. I don’t think it is worth the money spent.
   - b. Not yet.
   - c. Yes, occasionally.
   - d. Yes, as often as I can. I like the thrill of maybe hitting it big.

3. What would you do if you got $500 for your birthday from a relative?
   - a. Pay off my bills.
   - b. Put it in a savings account.
   - c. Invest it.
   - d. Go on a shopping spree.

4. When you think about a risky investment that has a potential to pay off big, what comes to mind?
   - a. I could lose it all.
   - b. It sounds a bit uncertain.
   - c. It sounds like a potential opportunity.
   - d. This could be my chance to hit it big.

5. You have the option to choose one of the best/worst case investments below. Which chance do you prefer to take?
   - a. I could gain $250 and there is no risk of losing any of my money.
   - b. I could gain $750 and there is a risk of losing $250 of my money.
   - c. I could gain $2,000 and there is a risk of losing $1,000 of my money.
   - d. I could gain $4,000 and there is a risk of losing $4,000 of my money.

6. You’re on a TV game show. You have the option to try for one of the following chances to win. Which would you choose?
   - a. A 75% chance of winning $100.
   - b. A 50% chance of winning $1,000.
   - c. A 25% chance of winning $10,000.
   - d. A 10% chance of winning $100,000.

Give yourself the following points for each answer:

<table>
<thead>
<tr>
<th>a=1</th>
<th>b=2</th>
<th>c=3</th>
<th>d=4</th>
</tr>
</thead>
</table>

Add your points for your total score: __________

- 6-10 points: You are risk-averse; you don’t like taking risks at all.
- 11-15 points: You are not very risk tolerant.
- 16-20 points: You can handle a certain amount of risk.
- 21-24 points: You are a risk-taker.

*Note: This is not a scientific survey. It’s simply an exercise to help you think about your risk tolerance.*
Building Wealth

So what exactly does it mean to be wealthy? Take a poll and you’ll probably be hard-pressed to find two people that give the same answer. However, a good place to start is to consider a person’s net worth. We can calculate a person’s net worth by first adding up the value of all of their assets. Assets are things that can increase in value over time — or at least hopefully maintain their value. For example, think of land, the money in your retirement account, 10 shares of Google stock, or Uncle Ed’s crabbing boat. It can be a bit tricky sometimes determining what’s an asset and what isn’t, but there are some things that are definitely not assets, such as a $800 smartphone, a big-screen TV, or a closet full of brand-name clothes. Why? Because flashy consumer goods like electronics and apparel become outdated or obsolete faster than a warm spell in late October. They lose value quickly. Think about it. How much will a fancy new smartphone be worth next year when the newer, more powerful phones come out?

Adding up assets can be fun. The next step, adding up a person’s liabilities, well ... not so much. Liabilities are formal debts. For example, think of an $8,000 credit card balance, an $80,000 home mortgage, a $20,000 auto loan, or any other unpaid debts that show up on your credit report. Yeah, fun, fun.

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

$$\text{Net Worth} = \text{Assets} - \text{Liabilities}$$
If you’ve taken another great *Building Native Communities* course, *Financial Skills for Families*, you’re already familiar with the Stevens Family and their challenge to create a spending plan.

Well, guess what ... it worked!

And now Pauline and James Stevens are doing so well they’re thinking about investing some of that extra cash they’ve saved up by cooking at home and playing board games on Friday nights instead of spending money at the movie theater. But first they need to consider their assets and liabilities. Walk through the following exercise to calculate the Stevens Family’s net worth.

### What is the Stevens Family’s Net Worth?

**Assets: The Stevens Family**

Add up the Stevens Family’s current 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><strong>TOTAL ALL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Liabilities: The Stevens Family
Add up the Stevens Family’s current 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>TOTAL ALL LIABILITIES</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*APR (annual percentage rate)

What is the Stevens Family’s Net Worth?

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

How is the Stevens family doing?
Do they have:

• Positive net worth?

• Negative net worth?

Do you think the Stevens family is ready to start investing? If not, what are some items they need to address first?

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________
Now that we’ve got a solid grasp of what it means to invest and have covered some beginning steps, it’s time to start thinking about specific investment products and the markets in which they trade (that’s cool lingo for buying and selling).

**Stocks**

First let’s talk about stocks. As mentioned earlier, stocks are equity investments, meaning stock investors hold an ownership interest in the publicly-traded companies they purchase stock in. Think of Walmart, Nike, Starbucks and thousands of other corporations that allow ordinary people to purchase their stock. Now think of a jigsaw puzzle in which small individual pieces interlock to form a complete picture. A company that issues stock is like a jigsaw puzzle in that it, too, can be broken down into tiny pieces called shares. Except, rather than five hundred or a thousand pieces, companies issue millions of shares of stock. An investor can buy some of these shares and by doing so he or she acquires a stake of ownership in that company. It might be just a tiny piece of ownership when compared to all outstanding shares, but it still gives the investor certain rights and privileges. The idea is that if the company performs well (i.e. increases revenue, has strong earnings, or has a growing market share for products and services, etc.) other investors will want to buy shares, too, causing their value to go up. Investors usually buy stock hoping it will go up in value. Another way to say this using cool investor lingo is to say an investor is “bullish” or “going long” on a stock.

However, if you’ve ever had a thunderstorm ruin a cookout, you know things don’t always go as planned. Sometimes companies struggle (i.e. have weak earnings, increased competition, or failed products). When this occurs, investors rush for the doors and you guessed it — sell their stock, causing shares to go down in value. And this is why investing in stocks is risky. There’s no guarantee a stock will go up in value.

Hey, speaking of failed products, does anyone remember watermelon-flavored Oreos? Yeah, I thought so.
Bonds

If stocks are like a fast but fickle horse, bonds are the hardy, patient mule that offers stability to make up for less-than-stellar looks. Might not be pretty, but sure is reliable. Think of a bond as similar to a loan. Bonds can be issued by companies and governments, unlike stocks that are only issued by publicly-traded companies. An investor who purchases a bond holds a legal agreement that entitles him or her to a piece of debt from the borrower, or bond issuer. As compensation for holding that debt, the bond investor is paid interest until the bond matures or reaches the end of its financial obligation or term. A typical bond might pay interest semi-annually or twice a year with a maturity (or term) of five, 10 or 30 years. Most bonds pay a fixed annual rate of interest that is usually less than the average annual return for a strong performing stock. However, unlike the return on a stock that can fluctuate dramatically from year to year, a bond is designed to pay the same interest year in and year out. This steady, predictable income stream is what makes bonds attractive to many investors. That’s also the reason bonds are often referred to as fixed-income investments. Moreover, bonds can be a good hedge against stocks. Quite often when stocks perform poorly, bonds do well, and vice versa. Therefore any investor looking to balance risk will probably own both stocks and bonds. How much of each will depend on his or her unique investment strategy outlined in Step 1.

Did you know? A Coupon Clipper is a slang term for a bond investor. No, it’s not like a coupon for free popcorn at the movie theater. Once upon a time when a person bought bonds, he or she received a booklet with interest-payment coupons. When an interest payment was due, the bondholder cut out a coupon and mailed it in to the bond issuer for payment, hence the name Coupon Clipper.

Why Do Companies Issue Stocks and Bonds?

Good question! Think of it like this. Imagine you want to get into the business of manufacturing commercial airplanes. You’ll need a lot of money to pay for expenses such as designing prototypes, building factories, purchasing parts and materials, and hiring employees to do all the work. But you probably won’t have enough money to cover all of these costs out of pocket, so what will you do?

Businesses face financing needs like this every day, and two of the most common ways for big businesses to raise money, also known as capital, is through selling stocks and bonds to investors. Investors buy stocks and bonds because they often pay higher returns
than their money would earn if it were stashed away in a savings account. The key is for investors to choose stocks and bonds that offer a high enough return to compensate for the added risk of not keeping their money in a FDIC-insured account (that means an account that is insured by the Federal Deposit Insurance Corporation).

Companies consider many factors when deciding how to raise capital. Sometimes stocks make more sense. Sometimes bonds make more sense. Here are a few issues they might consider.

**Control**
A company that issues stock will have to forfeit a certain amount of control to its shareholders. Remember — the shareholders are owners, too! Therefore, some companies who are weary of surrendering too much control or independence to outside parties will issue bonds instead of stocks.

**Cost**
Bonds can cost a company more than stocks because in addition to all of those interest payments, the company must also pay back the original value of the bond when it matures. Stocks never have to be paid back because they are not debts.

**Taxes**
Corporations are required to pay taxes just like you. So there are tax issues that companies consider when seeking capital from investors. For example, corporations can deduct interest payments to bondholders. However, corporations cannot deduct dividend payments to stockholders. More about stock dividends later…

### STOCKS vs. BONDS SUMMARY

<table>
<thead>
<tr>
<th>Stocks</th>
<th>Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares of ownership or “equity”</td>
<td>Instruments of debt</td>
</tr>
<tr>
<td>Higher potential return</td>
<td>Lower potential return</td>
</tr>
<tr>
<td>Fluctuate in value</td>
<td>Steady, predictable income stream</td>
</tr>
<tr>
<td>Prices often move opposite to bonds</td>
<td>Prices often move opposite to stocks</td>
</tr>
<tr>
<td>Issued only by for-profit corporations</td>
<td>Issued by corporations, countries, local and tribal governments</td>
</tr>
</tbody>
</table>

**GENERALLY HIGHER RISK**

**GENERALLY LOWER RISK**
Apple: Stock vs Bond Case Study

• Steve Jobs co-founded Apple Computer, Inc. in 1976 after building his first computer in his parents’ garage. In 1980 the company went public, meaning its stock shares became available for purchase by regular investors, and raised about $100 million. After reaching roughly $8 per share in 1983 with annual revenue near $1 billion, the stock fell below $2 per share when Jobs left the company in 1985. Jobs returned to Apple in late 1996 to revive the company. Apple stock was near $4 per share and annual revenue was rapidly declining from the $10 billion level. After Jobs’ return, Apple began its meteoric rise to become the world’s largest information technology company, thanks to global hits like the iPhone, iPad and a host of other groundbreaking products and services. As of late 2017, Apple had a market capitalization of nearly $900 billion, making it the world’s most valuable publically-traded company.

• In 2013 Apple had its first bond offering in nearly 20 years. The offering raised $17 billion that was used to repurchase company stock from investors. A portion of this debt was in the form of 30-year bonds paying a 3.88% coupon, or interest, rate. An investor who purchased these bonds and holds them until maturity in 2043 will make roughly three times his or her original investment.

• Following Apple’s IPO (Initial Public Offering) in 1980, its stock had a rough go of it. In fact, its stock price actually dropped more than 90% during its first five years. In 1985, shares dropped as low as $1.60 each, so for just $160, a person could have bought 100 shares of Apple stock. However, by 2012 a share of Apple was trading at $665 with 100 shares worth over $66,000. Even more amazing is that since 1996 when Jobs made his return, Apple stock has increased 170-fold with a 38% annualized total return!

Discussion:
1. Going forward, do you think Apple stock will continue its meteoric rise in share price?
2. What are some factors that might influence Apple as a company, either positively or negatively, over the next 30 years?
3. Over the next 30 years, which investment — Apple stock or 30-year Apple bonds — do you think will produce a greater return?
Investments and Compound Interest

If you were going to invest some money, say $10,000, and not touch it for 20 years, what kind of return would you be satisfied with? Would you be happy to double your principal, triple it, or more? A good rule of thumb for stock investments is to shoot for at least 7% a year. If you can average 7% a year, $10,000 will grow almost fourfold to $38,697 in 20 years.

Reflection

Do you think a $10,000 investment that produces a $28,697 return in 20 years is a good investment? Why or why not?

The reason your investment increases in value significantly is due to compound interest, a mathematical concept that legend says Albert Einstein dubbed the “8th Wonder of the World.” The way it works is every time your principal earns interest, that interest is added to principal so future interest is calculated on a larger amount of principal. Confusing? Here’s an exercise to make it more relatable.

The Power of Compound Interest

Let’s say you invest $500 into a certificate of deposit (CD) at your local bank. The CD earns 3.5% APY which stands for Annual Percentage Yield. The APY is the rate your money earns compounded as opposed to just the interest rate. The interest rate generally means simple interest, where you multiply the principal by the interest rate without compounding. Summary: Compound interest makes money grow much more quickly than simple interest! Try calculating it here.

| Year 1 | $500 (principal) \times 0.035 (interest) = $17.50 + $500 (principal) = $517.50 |
| Year 2 | $517.50 (new principal) \times 0.035 (interest) = $18.11 + $517.50 (principal) = $535.61 |
| Year 3 | $535.61 (new principal) \times 0.035 (interest) = + = |
| Year 4 | \times 0.035 (interest) = + = |
| Year 5 | \times 0.035 (interest) = + = |

Total principal at the end of Year 5 = ____________
Another good way to give you an idea on how your returns are performing is The Rule of 72. This is a simple formula that tells you how fast your money will double depending on your rate. It works like this:

\[ 72 \div \text{rate of return} = \text{the number of years needed to double your money} \]

Examples:
- 6% rate of return: \( 72 \div 6 = 12 \) years
- 4% rate of return: \( 72 \div 4 = 18 \) years

**Inflation and Real Rate of Return**

As you can see, compound interest is an awesome force when applied to a little bit of principal. Moreover, turning $10,000 into almost $40,000 in 20 years is pretty exciting. There’s only one problem. Will $40,000 have the same purchasing power in 20 years that it has today? Absolutely not — because we have another powerful force at work called **inflation**. Inflation is best described as a measure of how much more you have to pay this year than last year to achieve the same level of well-being. Think about it. Are you paying the same amount for a gallon of gas, a pair of shoes, or a cheeseburger that you, or maybe your parents, paid 20 years ago? Inflation chips away at the purchasing power of your money at an average rate of about two percent a year. That means in 20 years $40,000 will only buy about what $26,000 buys today. Ouch!

Because inflation works against your investment returns, you need to think about what your **Real Rate of Return** on an investment is. Real Rate of Return is the difference between your rate of return, say 7%, and the rate of inflation.

\[ \text{Rate of Return} - \text{Rate of Inflation} = \text{Real Rate of Return} \]
So going back to our original example, your $10,000 doesn’t really earn 7% a year. It earns 5%:

\[
7\% \quad \text{Rate of Return} \quad - \quad 2\% \quad \text{Rate of Inflation} \quad = \quad 5\% \quad \text{Real Rate of Return}
\]

Inflation is a serious concern that all investors should consider when designing an investment portfolio. It’s also important to note that any investment such as a savings account, CD, low-yielding bond, or any other investment product that doesn’t earn at least 2% a year usually isn’t keeping up with the cost of inflation. In fact, you can almost think of investments that don’t keep pace with inflation as losing money even if they do increase in value by a small amount. Yikes!

**Capital Markets**

*Buying & Selling Stock*

OK, enough about inflation. By now you’re probably wondering just where and how can a person purchase or trade stocks and bonds? Stocks trade a little bit differently than bonds, so let’s start with stocks.

Before the rise of electronic trading platforms, stocks traded in live physical *exchanges* or markets in which human traders bought and sold stocks face to face. You’re probably familiar with the image of frantic traders in brightly-colored coats running around a large exchange floor yelling out “buy” and “sell” orders. That’s the classic image of the stock market and for many years the biggest exchange was the New York Stock Exchange located in lower Manhattan. However, in recent years, technology has evolved so that today almost all stock trades in the United States are performed electronically with no physical human interaction. Depending on who you talk to, there are pros and cons to “old school” floor trading vs. electronic trading, but the end result is the same. When an investor wants to buy or sell a stock, he or she works through a broker who places a trade order on an exchange. Within moments a buyer or seller is located on the exchange and the trade is executed and confirmed. Everyday, millions of stock shares are traded this way, either electronically or face to face.

Before the rise of the Internet, a person wanting to trade stocks had to work through a human stockbroker who worked for a firm that handled the transaction. However, now a person can set up her own stock-trading account with an online broker without having to call in an order to a live person. Again, there are pros and cons to live vs. virtual brokers and the Internet is loaded with tons of great resources to learn more.
Buying & Selling Bonds

Bonds are traded a bit more old school than stocks. Bonds are also harder to trade for the little guy or regular investor. Here’s why. Unlike the stock market that has a large number of individual investors, bond markets are dominated by large institutional investors. Think insurance companies, pension funds, mutual funds and other big players that manage extremely large portfolios. We’re talking tens and even hundreds of billions of dollars. Because bonds are dominated by the big guys, bond markets are designed to protect their interests. Here are some examples:

Cost

Right off the bat, bonds can be expensive for a small investor. Most bonds are sold as $5,000 units with a minimum order requirement of five units. That means just to make a single purchase of bonds we’re talking $25,000. That’s a hefty pricetag for a beginning investor.

Liquidity and Transparency

Unlike most stocks, which trade constantly in public markets with real-time price quotes available to anyone with a smartphone, bonds are much harder to price. Some bonds don’t trade on a regular basis so it’s next to impossible for an average investor to get a fair price quote much less make a trade. In fact, some bonds don’t trade for months at a time, so good luck if you need to make a trade, say, before the 4th of July. With bonds, it can be hard to get the information you need, and can be hard to liquidate your investment quickly.

Phone Trading

While bonds are moving toward electronic trading, they lag behind stocks on this point. Many bonds still trade primarily over the telephone without exchanges. So just getting connected with a bond trader can be a huge challenge for a small investor.
**Mutual Funds**

As you can see, purchasing stocks and bonds directly poses more than a few challenges to a novice investor. So how can a regular person invest? A great way for someone to get started with investing without a lot of money is to purchase stocks and bonds through *mutual funds*. So instead of buying stocks or bonds directly, a person can buy shares in a mutual fund that contains hundreds or even thousands of individual stocks and bonds.

Think of it this way: a mutual fund is similar to a big tasty pot of Pueblo-style green chile stew. Before feast day grandma gets all of her ingredients together. She needs beef or pork, potatoes, onions, lard or oil, garlic, water and, of course, peeled and diced green chile peppers. She picks the best ingredients and throws all of these things into a pot and cooks them together with the anticipation that the end result will be better than any single ingredient.

Grandma knows from experience what is needed to make a great green chile stew. We can think of this stew like a mutual fund in the following ways. First, you have grandma, who is like the fund manager. Fund managers are the ones responsible for managing the ingredients to make a good stew. The ingredients are like the individual securities — the stocks or bonds — that are in the fund. By investing in the fund you get a savory bowl of stew that should be better than just a single potato or chile pepper.
One of the most popular mutual funds tracks the S&P 500. No, that’s not an auto race on the NASCAR circuit! “S&P” stands for Standard and Poor’s, a company that, in addition to many other financial products and services, manages an index that tracks the 500 largest publicly traded companies in the U.S. On any given day, these 500 companies are so large and represent so many different industries that they serve as a gauge for the overall performance of the roughly 3,800 stocks that are publicly listed in the U.S. Moreover, the S&P 500 is a commonly used indicator to get a read on the entire U.S. economy in addition to the stock market.

The S&P 500 is a market-weighted index, meaning larger companies such as Apple, Facebook and ExxonMobil have a greater impact on the S&P’s value than smaller components like Mattel, TripAdvisor and Harley-Davidson. Also note that the value of the S&P 500 is not calculated as a dollar amount but rather using points. In November 2017 the S&P 500 set a record when it broke 2,600 points for the first time in its 60-year history, meaning the overall value of all the companies in the index was higher than ever before. For stock investors this was very good news because share prices were skyrocketing. Often when you hear news reports that the stock market is “up today” or “down today”, they are referring to whether the S&P 500 gained or lost points. Furthermore, if you tracked the index since its inception in 1928, the average annualized total return for the S&P 500 index is 9.8 percent. Not too shabby!

As an investor it’s really hard to match the performance of the S&P 500 by picking your own stocks. We’re talking like “hitting-a-bullseye-at-20-feet” hard. Therefore many investors choose not to try and instead invest their money in a mutual fund that tracks either the S&P 500 or another popular index.

**Advantages of Mutual Funds**

- They provide a way to diversify your investments with lower risk.
- They have professional management.
- You can decide what type of industries or sectors to invest in — technology, medicine, utilities, etc.

Mutual funds are a good way for a small or beginning investor to start investing because purchasing just a handful of individual stocks or bonds is expensive. However, by investing in a mutual fund that tracks an index (sometimes called an “index fund”), a person can own all the stocks or bonds in an index for the cost of just one share of the mutual fund. Any new investor should strongly consider mutual funds as the foundation for his or her portfolio. In fact, it’s a good rule of thumb that until a person has an investment portfolio worth at least $50,000 they shouldn’t even consider purchasing any individual stocks, much less bonds.
S&P 500 INDEX

Value of $1 Invested on January 1, 1970

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Exchange-Traded Funds

In recent years **Exchange-Traded Funds** or ETFs have become a popular alternative to traditional mutual funds. Simply put, an ETF is a mutual fund that trades like a stock, meaning it trades on an exchange causing its share price to fluctuate based on supply and demand. This is much different than a traditional mutual fund that does not trade on an exchange and only adjusts its share price at the end of a typical trading day. Many investors prefer ETFs over traditional mutual funds due to their flexible pricing and lower fees charged by the companies that manage them. Whether you choose to purchase a traditional mutual fund or an ETF, just remember that the underlying stocks or bonds that both funds invest in are essentially going to be the same.

Other Indexes and Benchmarks

In addition to the S&P 500 there are other indexes, sometimes referred to as indices, and index funds to suit many different investing needs and styles. For example, there are indexes that track foreign stocks, stocks in certain market sectors, stocks of only small companies, and all kinds of bonds. Indexes are important not only because they can be tracked by mutual funds and ETFs, but also because they serve as a yardstick by which to measure investment returns. For example, say you own a mutual fund that holds primarily large blue-chip American stocks. You’re happy because last year your fund was up 12% which sounds great. However, after comparing your mutual fund to the S&P 500, which is a great gauge of blue-chip stocks, you learn the index was up 15% last year. That means even though your mutual fund increased in value, it underperformed the broad market by 3 percentage points. That’s not great news. Ideally, you want your mutual fund to match or outperform other key indexes.

The S&P 500 is divided into 10 main categories or market sectors: Information Technology, Health Care, Financials, Consumer Discretionary, Industrials, Consumer Staples, Energy, Utilities, Real Estate, and Materials. As you can see that’s a pretty good breakdown of all major industries in the United States.
Other Common Indexes

The **Dow Jones Industrial Average** was created in 1896 and is widely reported in the media. However, it’s very dated for investment purposes because it only contains 30 major companies. Back in the day, 30 companies were enough to gauge the overall economy but today the economy is much larger and more diversified leading many investors to look at broader indexes that include more companies.

The **NASDAQ 100** represents 100 of the largest non-financial companies listed on the NASDAQ Exchange, the world’s first electronic stock market. The NASDAQ 100 represents over 90% of the total movement in the NASDAQ exchange and is heavily weighted toward technology companies.

The **Russell 3000** tracks 3,000 companies or 98% of the investible U.S. equities market. For folks looking for a more precise view of the overall U.S. stock market than the S&P 500, the Russell 3000 is the place to go.

The **Russell 2000** focuses on small stocks that make up the bottom 2,000 companies in the Russell 3000. Many investors shooting for big returns prefer small companies to blue chips because they offer more room for growth.

The **MSCI World** is managed by MSCI, Inc., formerly Morgan Stanley Capital International. Any person looking to invest in foreign stocks in developed world markets will want to play close attention to this basket of over 1,500 global stocks.

The **Bloomerg Barclays US Aggregate Bond Index** contains thousands of American investment-grade bonds. The index tracks a wide range of corporate bonds, Treasury securities, government agency bonds, and mortgage-backed bonds ... phew, that’s a lot!
**Avoiding Fraud**

We’ve all heard the timeless warning, “If it sounds too good to be true, it probably is!” Great advice, but the trick is figuring out when “good” becomes “too good.” There’s no easy answer and the truth is investing brings other risks besides volatile stock prices and bond defaults. These risks include someone trying to steal your hard-earned investment dollars. Fraudsters tend to “go where the money is” — and that means targeting people receiving per capita payments, trust fund payments, lawsuit settlements, or just everyday Native people with money in the bank. Investment scams come in many shapes and sizes. For example, selling phony securities in a company that doesn’t exist is one all-too-common scam. Selling land with untrue claims that it contains valuable minerals such as oil or natural gas is another.

Use caution when choosing a broker or other investment professional to assist with managing your investments. Most are honest, fair-dealing people, but there are a few bad apples out there. Here are a few questions you’ll definitely want to ask before designating someone to handle your investments.

- Are you and your firm registered with the Financial Industry Regulatory Authority (FINRA)?
- Are you registered with the U.S. Securities and Exchange Commission (SEC)?
- Are you registered with a state securities regulator? Which one(s)?
- Are the investments you are selling registered with the SEC or my state securities regulator?

**FINRA BrokerCheck**

You can verify the answers by checking the seller’s background by visiting [SaveAndInvest.org](http://SaveAndInvest.org) or calling (888) 295-7422.

**FINRA BrokerCheck** is another good resource to check if an investment professional or firm is registered to sell securities, offer investment advice, or both. BrokerCheck also gives you a snapshot of a broker’s employment history, licensing information and regulatory actions, arbitrations and complaints.

By web: [www.finra.org/brokercheck](http://www.finra.org/brokercheck)

By phone: (800) 289-9999
Persuasion Tactics: Spotting Fraud

Advertising is big business and a lot of effort goes into creating well-targeted, attention-grabbing messages that will sway consumers. Most advertisements will place a series of “emotional triggers” known as persuasion tactics into a message. Persuasion tactics, such as the five listed below, can appeal to a consumer’s emotions and encourage him or her to buy and spend. They can make you feel like you are missing out if you don’t buy something, or that a deal is going away quickly and you need to act fast to get a good price. If someone is trying to sell you an investment product, be on the lookout for these persuasion tactics. Don’t invest unless you feel totally comfortable with the product!

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

- **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.

- **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.
Now that you have a solid overview of some basic investing concepts such as risk and return, equity and debt, and indexes, it’s time to start thinking about how to design a portfolio that suits the investing needs you identified in Step 1. There are many different strategies investment pros might use to design a portfolio. A lot of them appear highly sophisticated with slick-sounding names like Value, Momentum, Carry, Defensive, and Trend Following. Some strategies are based on human decision-making while others are “quant” based, meaning that quantitative computer-driven algorithms decide which securities to trade and when to trade them. However, for this workbook we’re going to focus on three basic investing strategies. And unless you’re managing a hedge fund, these three strategies should be sufficient to address the needs of any beginning investor.

**Investing for Liquidity**

We’ve already talked about this a little bit. **Liquidity** is a measure of how quickly investments can be converted into cash. The **Liquidity Strategy** is a good strategy for someone who has a short investing timeline, say less than three years. It’s a good rule of thumb that you shouldn’t purchase stocks unless you can afford to hold them for at least five years, so equities (or stocks) have no place in a Liquidity portfolio. Bonds, on the other hand, do have a place in a Liquidity portfolio provided they have short maturities of between one and three years. That said, cash or cash equivalents are probably going to make up the bulk of a Liquidity portfolio. **Liquidity** is a great investing strategy for someone who has money to invest but is unsure of their timeline or wants easy access to cash.

**Individual Indian Money Accounts**

Are you an Individual Indian Money (IIM) account holder? IIM accounts are managed by the Office of the Special Trustee for American Indians, an office currently under the Secretary of the Interior. When revenue is generated from assets held in trust by the federal government, a portion or all of the funds are placed into IIM accounts belonging to the beneficiaries of those assets. These beneficiaries could be you, your Uncle Wallace, or maybe your Grandma Irene. Those assets could be land that is leased to third parties for surface or mineral rights, right-of-way uses, land sales, and some judgment or settlement awards. An IIM account is a short-term, highly liquid investment vehicle that generally pays much higher interest than a typical savings account a person might open at a bank. The reason is because more than a billion dollars of tribal accounts, special accounts and pooled Individual Indian Money (IIM) account balances are swept, or liquidated, daily and invested in the U.S. Treasury Overnighter. The U.S. Treasury Overnighter is an investment that reflects yields on short-term U.S. government Treasury bills, a type of bond issued by the government that
Individual Indian Money Accounts (cont.)

matures in four weeks. Interest earned is accrued and compounded daily, and posted to the IIM account monthly. If you are an IIM account holder, your money is being managed using a Liquidity Strategy that gives new meaning to the old phrase “Strength in Numbers”!

Investing for Income

Some people want their investments to produce income on a regular basis, rather than wait until they sell investments to make a profit. Investors with this objective will usually look for an **Income Strategy** to meet their objectives. As mentioned, most bonds pay interest semi-annually. This means as a bondholder you look forward to interest payments twice a year. Because your interest rate is most likely a fixed rate, you’ll know in advance how much your payment will be and can plan on using this money to purchase other investments or cash out to supplement income from wages or salary. Investments that pay income can be very valuable. Stocks can pay income, too, except rather than paying interest a stock will pay a **dividend**. A dividend is a portion of a company’s profits that are paid directly to shareholders, usually once a quarter or four times a year.

Here’s an example. Nike has paid a quarterly dividend to its shareholders since 1985. It pays this dividend in January, April, July and October. In 2017 each quarterly dividend was calculated at $0.18 per share. So if you owned 100 shares of Nike you received a dividend of $18. You might have chosen to pocket this dividend and ordered a pizza (not really smart) or reinvested the dividend by purchasing more Nike stock (really smart!). Now remember, since Nike paid this $0.18 dividend each quarter, your total dividend for the year was $0.72 per share or $72 for 100 shares.

Stock dividends have their advantages, but one thing to remember about stock dividends as opposed to bond interest payments is that dividends are not as reliable as bond interest payments. A company must pay bondholders their interest payments when due or risk defaulting on its bonds. However, a company can reduce its dividend at any time. Or even worse, eliminate a dividend all together, something which is always a risk, especially when a company comes on hard times.

In summary, investors designing an **Income** portfolio will focus on bonds and stocks that pay dividends, or mutual funds that hold such bonds and stocks. An **Income Strategy** is a good strategy for someone who is retired and on a fixed income, or just someone looking for a little extra security from their investments. Also, like all investment

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**One Share of Nike Stock**

<table>
<thead>
<tr>
<th>Month</th>
<th>Quarterly Dividend</th>
<th>Total Annual Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$0.18</td>
<td>$72</td>
</tr>
<tr>
<td>February</td>
<td>$0.18</td>
<td>$72</td>
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<tr>
<td>March</td>
<td>$0.18</td>
<td>$72</td>
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<tr>
<td>April</td>
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<td>May</td>
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<td>June</td>
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<td>August</td>
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<tr>
<td>October</td>
<td>$0.18</td>
<td>$72</td>
</tr>
<tr>
<td>November</td>
<td>$0.18</td>
<td>$72</td>
</tr>
<tr>
<td>December</td>
<td>$0.18</td>
<td>$72</td>
</tr>
</tbody>
</table>

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strategies, understanding risk is critical. Some stocks yield really high dividends in relation to their share price and some bonds pay much higher interest than others. However, usually stocks, bonds and mutual funds that pay higher income are also riskier, so the lesson is: Do your homework because there’s no free lunch. Unless of course you drop by grandma’s house for pork rinds and a bologna sandwich. Yum, Yum!

**Investing for the Long Term**

The final investing strategy is probably the most common for new investors and it is also the least complicated. Simply put, the *Long Term* investment strategy means you purchase your investments and then just sit on them until you decide to sell at a later date. It’s also the strategy that can earn the largest profit of the three styles, provided you pick smart investments.

Here’s an example. Shares of Boeing, the airline and aerospace manufacturer, were trading at about $46 back in the fall of 1997 (just before *Smoke Signals* hit the big screen — Hey Victor!) Twenty years later, in the fall of 2017, those same shares were trading at $268. So a *Long Term Strategy* investor could have picked up 100 shares of Boeing in 1997 for $4,600. Then sat on them for two decades and sold them all for $26,800. Sweet!

A stock sale profit like this is called a *capital gain*. Capital gains, just like stock dividends and bond interest payments, are taxable income that must usually be reported. When investors use a *Long Term Strategy* they are usually looking to maximize capital gains that can come in the form of stock, bond or mutual fund sales. For many investors, especially younger people, the *Long Term Strategy* is probably the smartest strategy because even though investment asset prices can fluctuate a lot during the short term, over the long term (think 10 years and up), prices should rise. Another thing to remember about capital gains is there is always a chance you might have to sell your investments for less than you originally paid. If this occurs you are dealing with a *capital loss*. Capital losses sting. However, they can be used to offset capital gains for tax purposes, which can lower your overall investment income tax bill. So you see, another great thing about investing money, as opposed to spending it buying electronics on Amazon, is that even bad investments can still put a few bucks in your pocket.

Capital gains and losses come in two flavors, *realized* and *unrealized*. A realized capital gain or loss occurs when you actually sell an investment. An unrealized gain or loss is on paper only. This is important because when you own an investment it’s quite possible that its *Net Asset Value* or *NAV* will rise and fall. It can be a pretty scary thing when you open your quarterly mutual fund statement and discover your favorite index fund is worth $3,000 less than you paid for it. But don’t panic. Since you haven’t actually sold your fund shares the loss is unrealized. The fund might have just suffered a bad quarter and when you get your next statement your fund will be back in black. No AC/DC pun intended! Then again your fund could be down even more, signaling it might be time to sell. Ughhh ... these are the types of dilemmas investors face every day so you just have to remain cool.
Which investment strategy is best for these individuals?

- Carole and Jim are both retired and recently received $50,000 from a land sale. They want to invest the full amount but don’t want the money tied up for too long because they are planning to start a construction business in the next few years and will need capital. What investment strategy: Liquidity, Income, or Long Term will probably best suit their needs?

- Delbert, age 26, recently graduated from college with minimal debt. He just started working for a tribal employer that offers a retirement plan. The plan offers a selection of six mutual funds that track different indexes as follows:
  - Short-term bonds
  - Large company stocks
  - Long-term bonds
  - Foreign stocks
  - Small company stocks
  - A balance of stocks and bonds that pay income

Which funds should Delbert consider for his retirement holdings?
Designing a Portfolio

We’re now entering the home stretch and the final task for Step 3 is to design a portfolio to meet your investing needs. For most people, this means selecting a collection of mutual funds that can achieve these objectives. You’ll also want to think about which investment strategy or strategies you’ll want to work with. There are actually thousands of mutual funds from hundreds of companies to choose from. If you have an employer-sponsored retirement plan like Delbert, you’ll probably have a limited selection of funds from one company. This is fine and actually makes your job easier because you won’t have to research fund companies on your own. However, if you don’t have an employer-sponsored plan and you chose to self-direct your own investments, you’ve got a bit more research to do.

The Power of Periodic Investing

An important thing to know is that it does not take a lot of money to invest. You don’t have to have thousands of dollars to start. One of the most common and effective ways to invest is through periodic investing. This is when you consistently invest smaller amounts of money over time. For example, you may be able to invest $100 from each paycheck. That may not seem like much, but it is amazing what that consistent effort can do over time. Time is your greatest ally when it comes to investing. Take a look at this chart that shows what investing just $100 a month can do for you. This chart shows the returns if you invested $100 a month for several years, assuming you get a 6% return on your investment. Be prepared to fall out of your chair. Investing a little bit of money each month goes a long way.

<table>
<thead>
<tr>
<th>$100 invested per month, compounded quarterly at 6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
</tr>
<tr>
<td>10 years</td>
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</tbody>
</table>

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**Asset Allocation**

As mentioned, we can think of investments or assets in three broad categories: equities, debt and cash. Essentially, as an investor your goal is to select a mix of these assets in a manner that aligns with your goals. Generally a younger investor can afford to take more risk and invests over a longer time frame. That means he or she can pick an *asset allocation* that is more heavily weighted with equities, or stocks. An older person probably won’t want to assume as much risk and has a shorter investment time frame, so he’ll lean more heavily towards debt, or bonds. Selecting the ideal mix of cash, stocks and bonds is basically the key to successful investing. Here’s a chart with some simple asset-allocation models.
A quick rule of thumb when choosing the right percentage of stocks and bonds: Subtract your age from 100 and invest that percentage in stocks. Here’s an example for someone who is 38 years old.

\[
100 - 38 = 62 \\
62\% \text{ stocks} \\
38\% \text{ bonds or fixed income}
\]

Diversification

What’s the best way to reduce risk? In one word, it’s “diversification.” Diversification simply means don’t put all of your eggs into one basket. For example, you may put some money into stocks, some into bonds, and some into a savings account. If one of these investments does poorly, hopefully the other investments will do well and will help make up for it.
Help these people build a portfolio that meets their needs.

1. Gwen is 35 years old and has built up a $30,000 balance in her retirement plan at work. She is a single mother with two young children and hopes to work until at least age 65. She currently owns a home and doesn’t carry a whole lot of debt. She’s also a bit nervous about the stock market and doesn’t want to assume too much risk. Help her design a portfolio that meets her needs by referring back to the sample asset-allocation models on page 36. In the circle below draw an asset allocation that you think suits her investing needs well, dividing it among “stocks,” “bonds” and “cash.”

2. Harold and Tamara are in their mid-40s and recently received an insurance settlement of $25,000. They would like to invest $10,000 and are shooting for the highest return possible. They are OK with taking risk and are willing to commit to a 15-year investment timeline. In the circle below draw an asset-allocation chart that best suits their investing needs, dividing it among “stocks,” “bonds” and “cash.”
What Drives Investment Returns?

In the beginning of this workbook we mentioned that investing does not have to be complicated if a person takes the time to figure out their investment goals, their timeframe, and selects a suitable investment strategy. The following chart illustrates that even though there are so many different types of investments and concepts to consider, investing success really just boils down to choosing the right mix of stocks, bonds and cash. Good luck!
Now is the time to apply what you have learned. In the circle below, draw your own asset-allocation mix using the plan identified in Step 1 along with the new information you’ve learned from this workbook.
In an effort to build Native youth financial literacy, First Nations Development Institute worked with five art students at Miyamura High School in Gallup, New Mexico in 2013. As a result of the project the students produced the creative, camera-ready posters for the cover of this workbook. Miyamura art teacher Tine Hayes selected five especially gifted art students to participate. The students were commissioned for their artwork and participated in a financial skills workshop in preparation for the payment each received upon completion of their finished piece.