

Powercat  
Financial

March 22, 2022

# Money Hour Series



with Jackie Cummings Koski

## INVESTING



for Grad Students

*Sponsored by the Graduate Student Council & Powercat Financial*



Presented by:

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MS, Personal Financial Planning (May 2022)

Jackie937@k-state.edu



*Congrats Grad Students!*

# DISCLAIMER

The information contained in this presentation is for education and information purposes only and does not constitute professional advice. The information provided is subjective and you should always do your own research before making decisions. While reasonable efforts are made to include accurate and up-to-date information, the creator makes no warranties or representations of any kind concerning the accuracy, timeliness or suitability of the information provided for any purpose. Validity of the content is not guaranteed, and you are strongly urged to consult a professional or other authority in the appropriate field before acting on any of the content.

# AGENDA



You're on the Right Track!



Why Invest?



Where Most People Start Investing



Investing Basics



Other Resources

# Does a College Degree make a difference?

According to the Bureau of Labor Statistics:

“

Even in the best of economic times, data show that workers who have higher levels of education typically...

1. Earn more
2. Less unemployment

”

*Bureau of Labor Statistics: [bls.gov/careeroutlook/2021/data-on-display/education-pays.htm](https://bls.gov/careeroutlook/2021/data-on-display/education-pays.htm)*

# EARNINGS

## 2020 Median U.S. Earnings by Educational Attainment



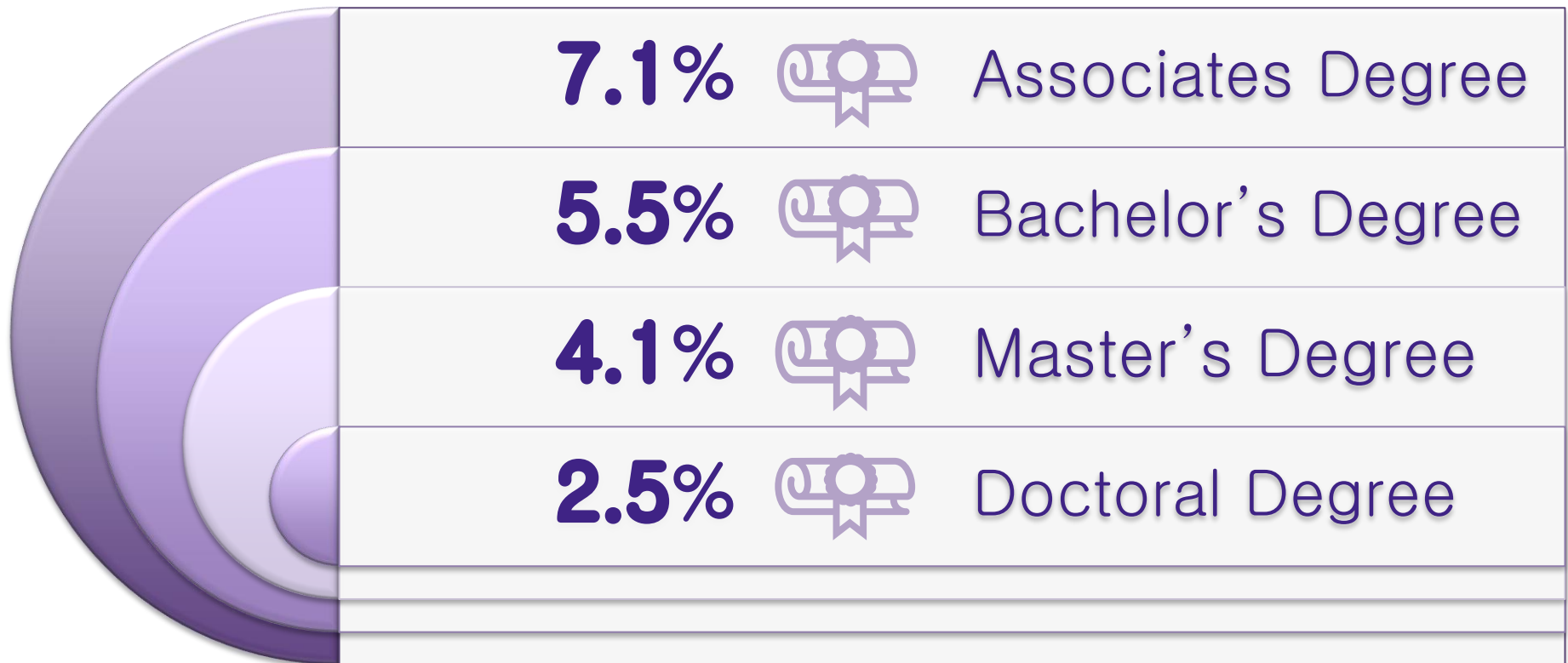
*Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.*

*Source: Current Population Survey, U.S. Department of Labor, U.S. Bureau of Labor Statistics. [bls.gov](https://www.bls.gov)*



# UNEMPLOYMENT

## 2020 Unemployment Rate by Level of Education



*Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.*

*Source: Current Population Survey, U.S. Department of Labor, U.S. Bureau of Labor Statistics. [bls.gov](https://www.bls.gov)*

# K-State Support for International Students

## International Student and Scholar Services



Students

Scholars and Interns

Programs and Events

For Departments

Emergency Contacts

Meet the Staff

Meet the Students & Scholars

ISSS Services

Prospective Students

Orientation

Links to Resources

ISSS Statistics

## International Student and Scholar Services

### ISSS Operation Update

Even though the COVID pandemic is not over, ISSS will begin to open our doors again. K-State currently has an indoor mask policy (<https://www.k-state.edu/covid-19/guidance/health/face-covering.html>). Our office door will be open from 9:30am to 12pm and 1:30pm to 4pm.

For **advising**, we encourage you to email your advisor directly for a 20-minute appointment. Virtual/video meetings or in person meetings can be schedule. While the mask mandate is in force, we would prefer virtual meetings for ease of communications.

### Events

No upcoming events.

[See all events](#)

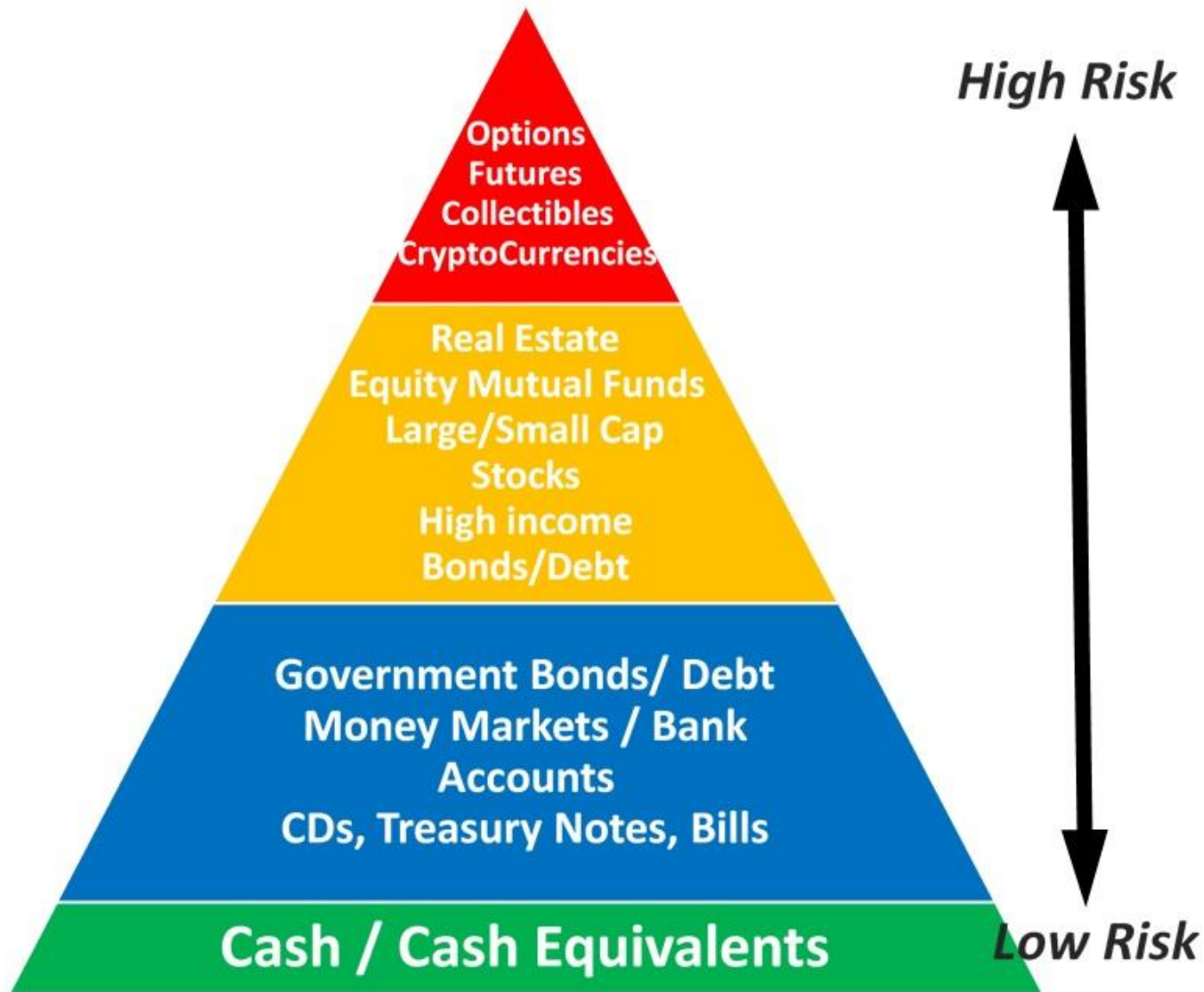




# PRE-INVESTING CHECKLIST

1. Do you have an emergency fund?
2. Do you have high interest debt (credit card or car loan)?
3. Are you following a spending plan or budget?
4. Do you have financial goals established with timeframes?
5. Have you assessed your risk tolerance?
6. What type of investing are you already doing?
7. Are you familiar with investing basics?

# LEVELS OF RISK



# WHY INVEST?

## Investing & Compound Growth

If you *invested* \$6,000/year for 32 years, you would have *\$1 million!*

## Saving without Investing

If you *saved* \$6,000/year for 32 years, you would have \$192,000

Investing

The power of compound  
**GROWTH**

Assuming a \$60,000/year Salary

5%

9%

32

401(k)  
Contribution  
You 5% + 5%  
Company Match  
= \$6,000/Year

9%  
Growth

32  
Years

Now, Imagine if you could get there sooner...

**\$1 million** after **20 YEARS**

Assuming a \$60,000/year Salary

25%



9%



20

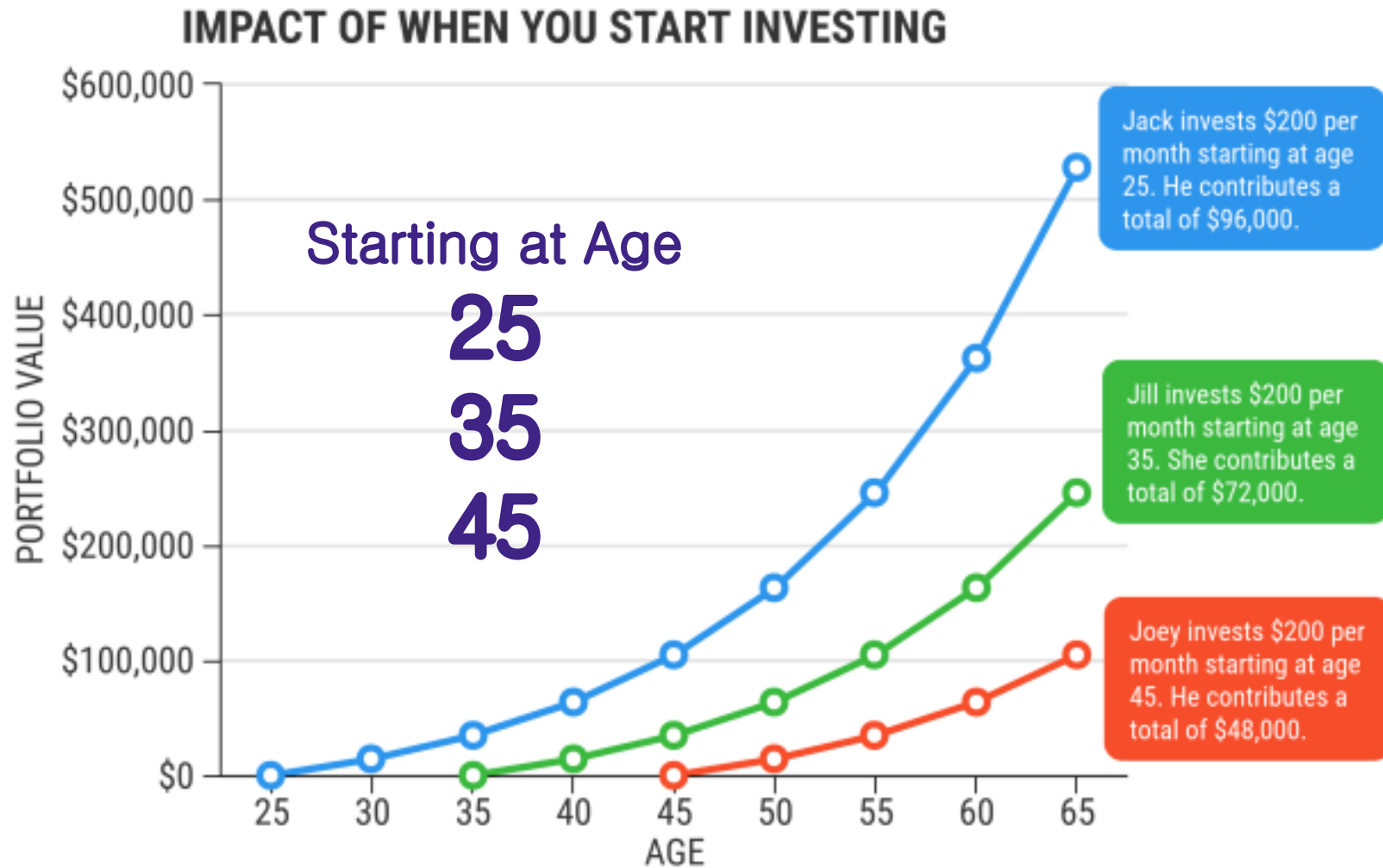


401(k) Contribution  
You 25% + 5%  
Company Match =  
\$18,000/Year

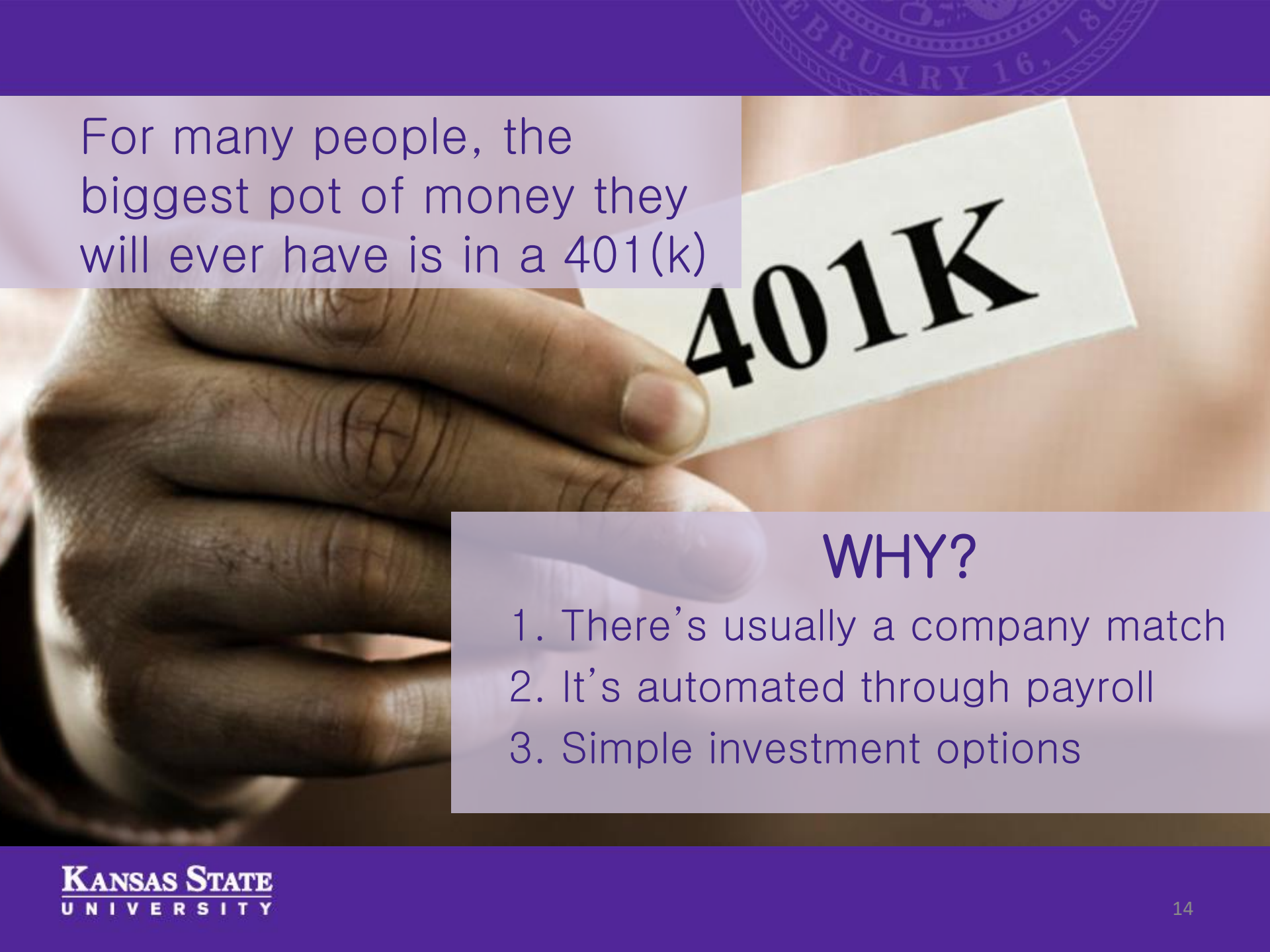
9% Growth

20 Years

# STARTING EARLY





A close-up photograph of a hand holding a white card with the text '401K' printed on it in a large, bold, black serif font. The background is a solid purple color. In the top right corner, there is a faint, circular seal with the text 'FEBRUARY 16, 1861' and 'KANSAS STATE UNIVERSITY' around a central emblem.

For many people, the biggest pot of money they will ever have is in a 401(k)

## WHY?

1. There's usually a company match
2. It's automated through payroll
3. Simple investment options

# OTHER EMPLOYER-SPONSORED PLANS

403(b): State and Nonprofit Employers

457(b): State and Nonprofit Employers

TSP (Thrift Savings Plan): Federal Employers

SEP IRA, Solo 401(k), SIMPLE IRA: Small Businesses

# SAMPLE INVESTMENT LINEUP

Overview

Risk

Morningstar Rankings

Income Characteristics

Help me read this table

Data as of 06/30/2013 unless otherwise noted

1 | 2

Compare	Name	Asset Class	Morningstar Category	YTD # (Daily)	1 Yr	3 Yr	5 Yr	10 Yr	Expense Ratio		Morningstar Overall
									Net	Gross	
<input type="checkbox"/>	<a href="#">Fidelity Freedom® Income Fund (FFFAX)</a>	Blend	Retirement Income	0.88%	3.53%	5.15%	3.98%	4.05%	0.45%	0.45%	★★★★★ 273 Rated
<input type="checkbox"/>	<a href="#">PIMCO Real Return Fund Institutional Class</a>	Bond	Inflation-Protected	-8.91%	-4.89%	3.88%	5.14%	5.59%	0.45%	0.47%	★★★★★ 182 Rated
<input type="checkbox"/>	<a href="#">PIMCO Total Return Fund Institutional Class</a>	Bond	Intermediate-Term Bond	-7.77%	1.10%	4.67%	7.26%	5.97%	0.46%	0.46%	★★★★★ 1,005 Rated
<input type="checkbox"/>	<a href="#">SPDR S&amp;P 500 ETF Trust</a>	Equity	Intermediate-Term Bond	-3.28%	-0.93%	3.34%	4.93%	4.23%	0.10%	0.17%	—
<input type="checkbox"/>	<a href="#">Fidelity International Fund</a>	Equity	Short-Term Bond	-0.47%	2.96%	2.70%	3.80%	4.13%	1.08%	1.22%	★★★★★ 380 Rated
<input type="checkbox"/>	<a href="#">Fidelity Money Market Fund</a>	Money Market	Money Market	0.01%	0.01%	0.01%	0.39%	1.78%	0.42%	0.42%	—
<input type="checkbox"/>	<a href="#">Fidelity Dividend Fund (FDEEX)</a>	Equity	Target Date 2051+	9.72%	15.18%	—	—	—	0.82%	0.82%	—

Compare

1 | 2

NOT PRETTY!

NOT PRETTY!

# WHAT IS A MUTUAL FUND?

1. A basket of stocks or other investments
2. Commonly offered in 401(k) accounts
3. Spreads out risk across a mix of different investments
4. Can follow an Index (passive) or be actively managed
5. Actively managed funds tend to have higher fees
6. Priced only once at the end of each trading day
7. ETF (Exchange Traded Funds) are very similar, but you can trade them throughout the day

# WHAT IS A FUND FACT SHEET

Release Date: 03-28-2022

## Vanguard S&P 500 ETF VOO

Benchmark  
Russell 1000 TR USD

Risk Level

### Investment Objective & Strategy

From Investment's prospectus

The investment seeks to track the performance of the Standard & Poor's 500 Index that measures the investment return of large-capitalization stocks.

The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market returns. The fund invests in the stocks of large U.S. companies that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

### Fees and Expenses as of 04-29-21

Prospectus Net Expense Ratio	0.03%
Total Annual Operating Expense Ratio	0.03%
Maximum Sales Charge	—
12b-1 Fee	—
Redemption Fee	—

Waiver Date	Type	Exp. Date	%
—	—	—	—

### Operations and Management

Fund Inception Date	09-07-10
Portfolio Manager(s)	Donald M. Butler, CFA Michelle Louis, CFA
Name of Issuer	Vanguard
Telephone	866-499-8473
Web Site	www.vanguard.com

### Benchmark Description: Russell 1000 TR USD

The index measures the performance of the large-cap segment of the US equity securities. It is a subset of the Russell 3000 index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.

### Category Description: Large Blend

Large-blend portfolios are fairly representative of the overall US stock market in size, growth rates and price. Stocks in the top 70% of the capitalization of the US equity market are

### Overall Morningstar Rating™

★★★★★

Out of 1232 Large Blend funds. An investment's overall Morningstar Rating, based on its risk-adjusted return, is a weighted average of its applicable 3-, 5-, and 10-year Ratings. See disclosure for details.

### Morningstar Return

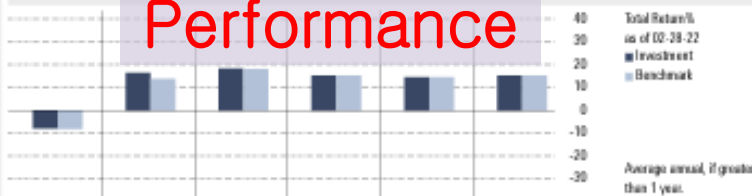
High

### Morningstar Risk

Average

### Performance

Performance



YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
-8.07	16.39	18.19	15.14	14.55	14.97
-8.02	16.34	18.21	15.13	14.55	15.10
-8.23	13.72	18.08	15.07	14.51	15.09
-7.73	13.84	16.25	13.48	13.04	12.83

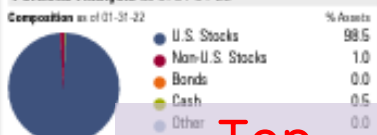
	★★★★★	★★★★	★★★	★★	★
1232	1108	819	—	—	—

### Quarter End Returns as of 12-31-21

YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
28.66	28.66	26.03	18.43	16.51	16.19
28.66	28.66	26.03	18.43	16.51	16.19

Performance Disclosure: The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit the website listed under Operations and Management on this page.

### Portfolio Analysis as of 01-31-22



Top 10 Holdings as of 01-31-22	% Assets
Apple Inc	7.05
Microsoft Corp	6.08
Amazon.com Inc	3.40
Alphabet Inc Class A	2.12
Alphabet Inc Class C	1.98

### Morningstar Equity Style Box™ as of 01-31-22



### Morningstar Sectors as of 01-31-22

% Fund	S&P 500 %
Cyclical	30.25
Basic Materials	2.20
Consumer Cyclical	11.73
Financial Services	13.64
Real Estate	2.68

Gives you basic information about the fund, such as:

- Top Holdings
- Fund Objectives
- Risk Level
- Fees (.10 or less is a very low fee)
- Past Performance (1, 3, 5, 10-year)



# WHAT IS THE S&P 500?



**S&P 500**  
Stock Market Index Fund

**500 Largest &  
most widely-held  
US Companies**

## TOP HOLDINGS

1. Apple (AAPL)
2. Microsoft (MSFT)
3. Amazon.com (AMZN)
4. Facebook (FB)
5. Alphabet (GOOG/GOOGL)
6. Tesla Inc.(TSLA)
7. Berkshire Hathaway (BRK.B)
8. JPMorgan Chase (JPM)
9. Johnson & Johnson (JNJ)
10. Visa Inc. (V)

# MAKING SENSE OF YOUR EMPLOYER PLAN

**What are  
the  
Primary  
Investment  
Options?**



1. Stocks (Equities)



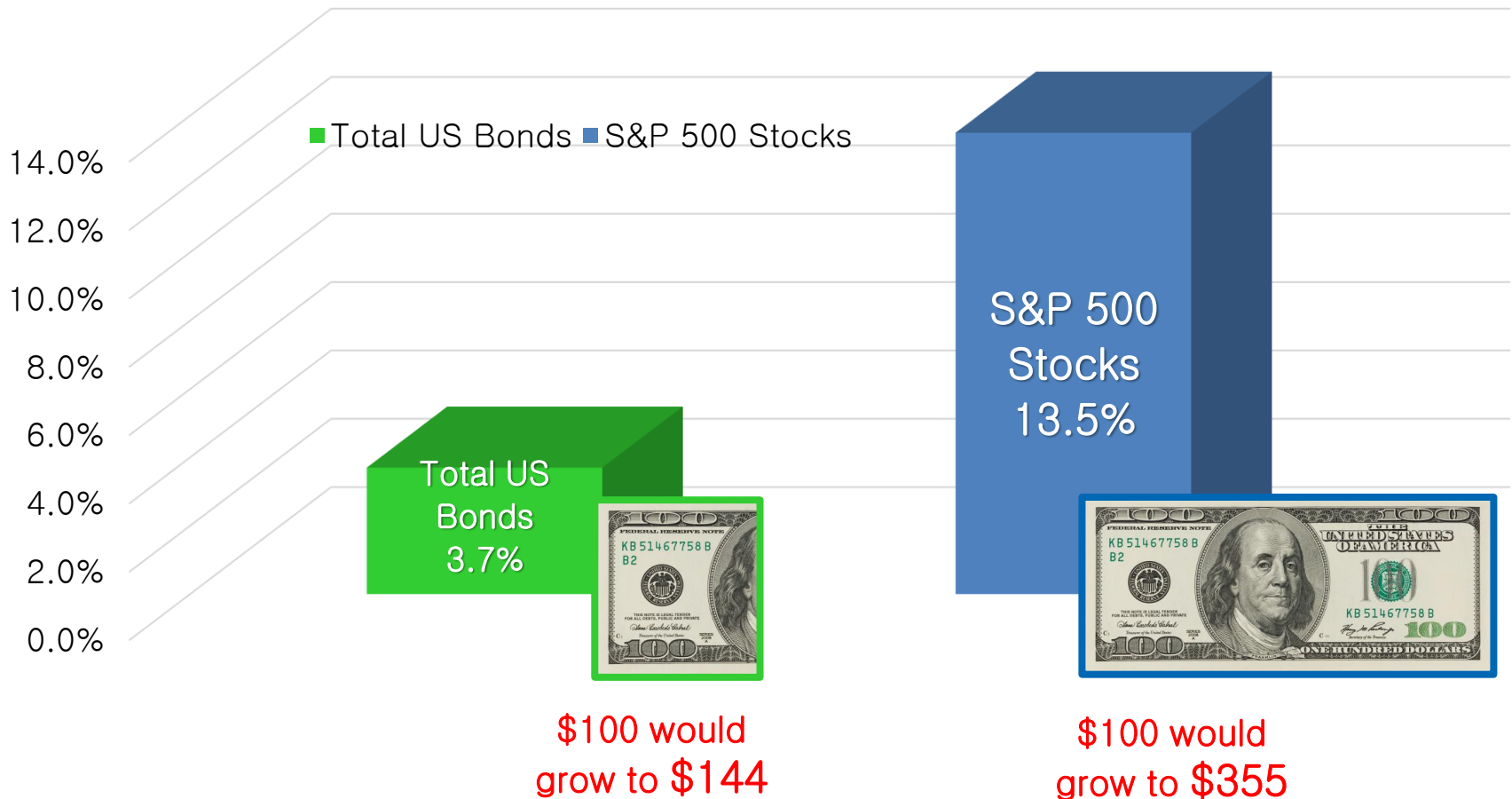
2. Bonds (Fixed Income)



3. Target Date Funds  
(A mix of stocks &  
bonds)

# STOCKS vs. BONDS

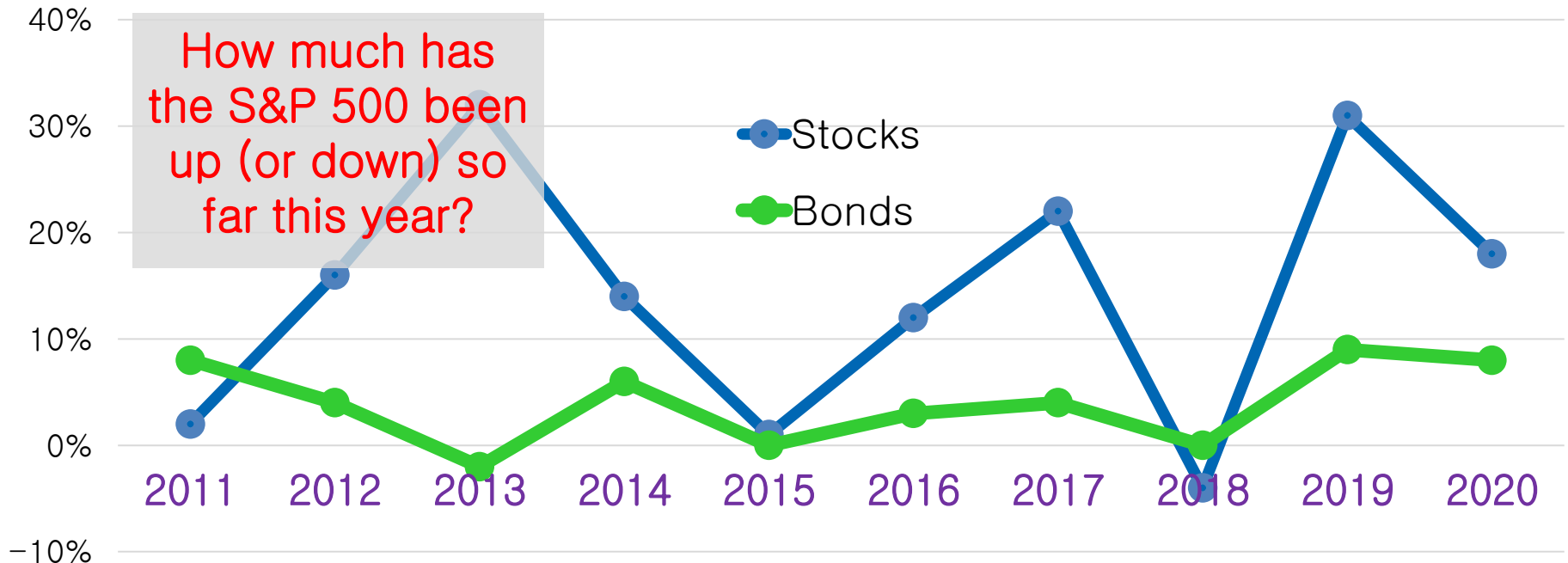
## 10-Year Average Annual Growth (2011 – 2020)



# STOCKS vs. BONDS

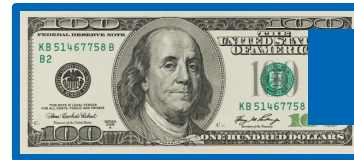
## 10 Years: Year by Year Returns

How much has the S&P 500 been up (or down) so far this year?



Bonds :  
3.7%

\$100 would  
grow to \$144



Stocks :  
13.5%

\$100 would  
grow to \$355

# THE EASY BUTTON



## TARGET DATE FUNDS:

1. A complete portfolio in a single fund
2. Based on the date you plan to retire
3. Automatically rebalance to maintain a set mix of stocks & bonds

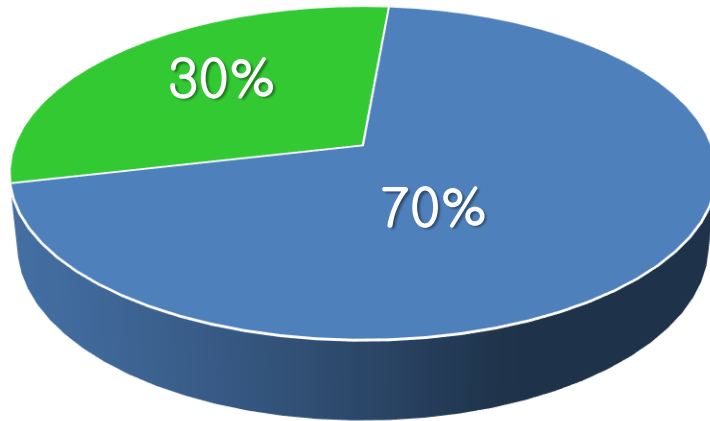


# EXAMPLES OF TARGET DATE FUNDS

50 Years old  
Retiring in 10 years



Target Retirement 2030



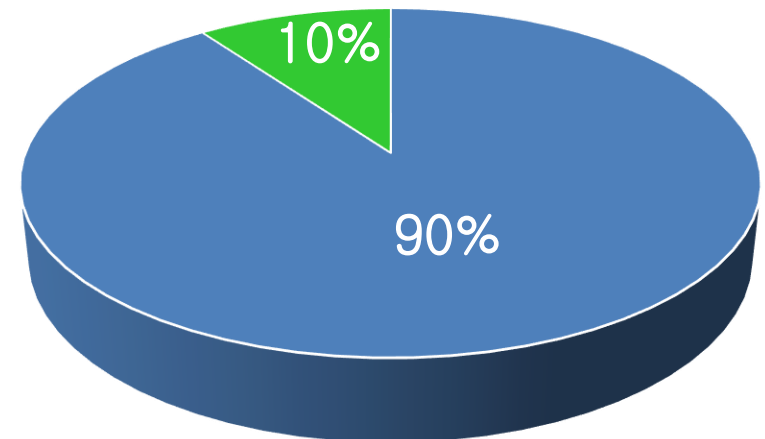
Bonds

Stocks

30 Years old  
Retiring in 30 years



Target Retirement 2050

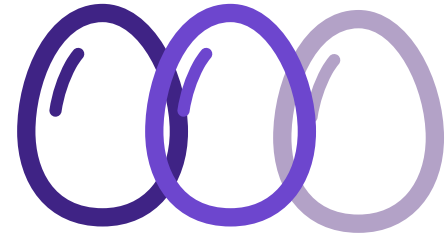


# INVESTING IS A TWO-STEP PROCESS

Step 1:  
Open Account



Step 2:  
Choose Investments



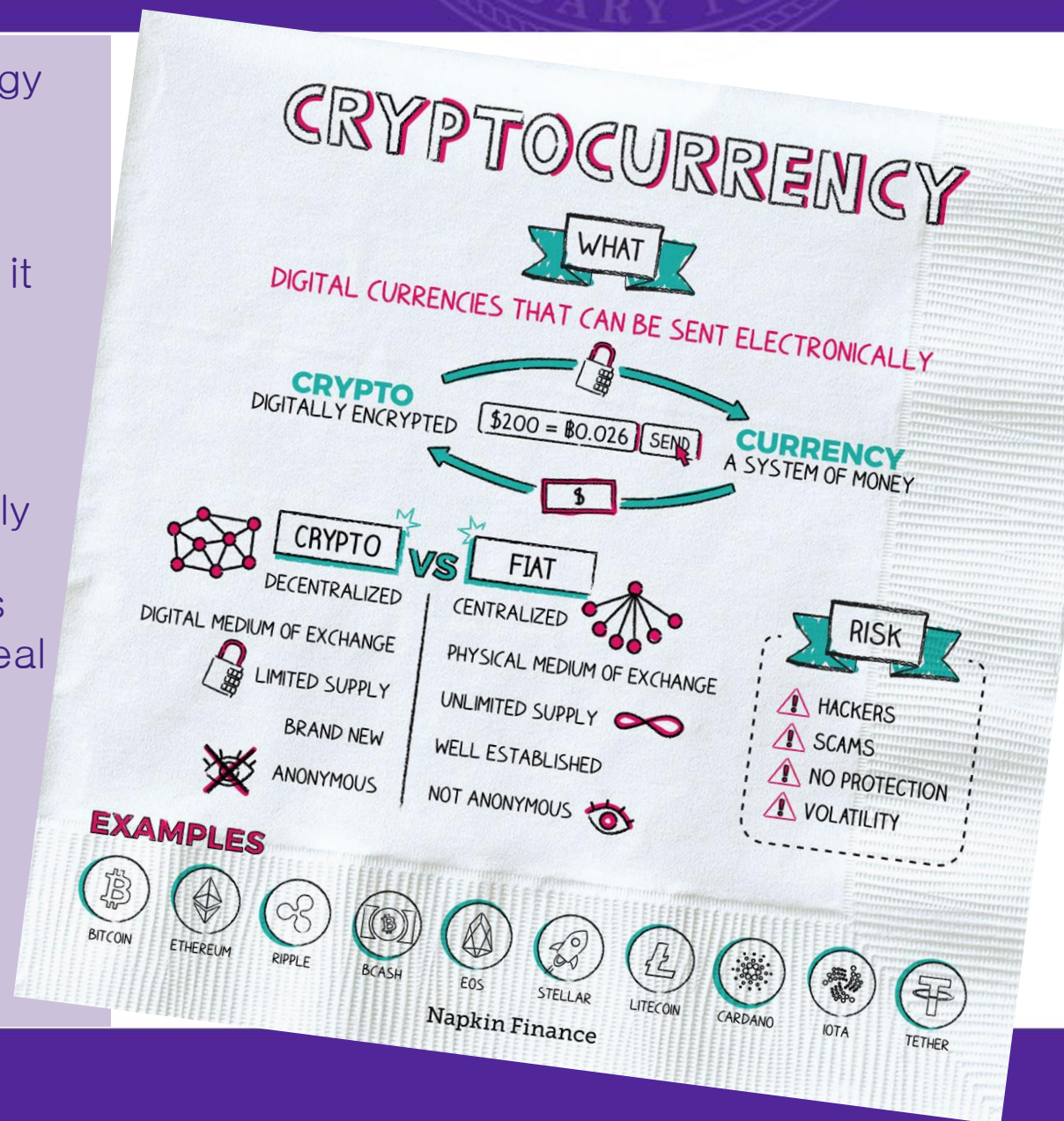
# OTHER TYPES OF INVESTMENT ACCOUNTS

1. IRA (Individual Retirement Account)
2. Roth IRA
3. 529 College Savings
4. HSA (Health Savings Account)
5. ESOP (Employer Stock Ownership Plan)
6. Regular Brokerage

# WHAT ABOUT CRYPTO?

- **Blockchain**– the technology that powers crypto
- **Decentralized**– no one person, or entity controls it
- **Digital**– only exists online
- **Limited supply**– typically created with a finite supply
- **Anonymous**– transactions can't be traced back to real humans
- **Newer**– the first cryptocurrency, Bitcoin, was launched in 2009

napkinfinance.com



# WHERE CAN YOU INVEST (On your own)

Traditional Broker

New/Easy Apps

Crypto



## Remember...

Investing is a two-step process

1. Open Account
2. Choose Investments





# COST TO INVEST

1. Usually, little or no minimum to start
2. Usually, no trading fee for stocks and ETFs
3. May charge for other transactions like mutual funds, crypto or options (see company fee list)
4. Some offer partial shares, allowing you to trade based on the \$ amount (Fidelity, Schwab, Stash, etc.)
5. Usually, education and tools for beginners is included with account
6. Some even offer bonuses for opening new accounts!

# WHAT IS A STOCK SPLIT?



After Split (Value: \$2,000)

# Guess which Stock performed the best?

*Hint: The S&P 500 was  
up 13% over the past year*

1 Year

AAPL (Apple)

33%

SBUX (Starbucks)

-17%

TSLA (Tesla)

35%

GME (Gamestop)

-53%

CMG (Chipotle)

10%

# Guess which Crypto performed the best?

1 Year

BTC (Bitcoin)

-29%

ETH (Ethereum)

-3%

LTC (Litecoin)

-44%

ADA (Cardano)

-26%

DOGE (Dogecoin)

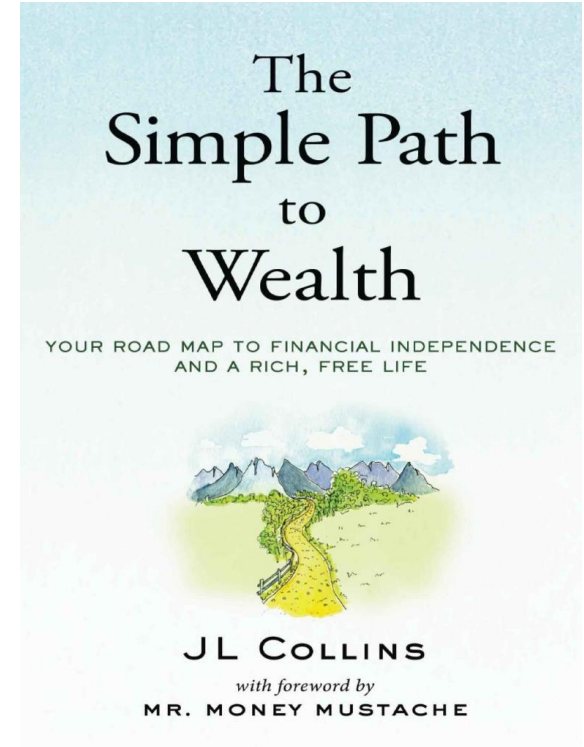
103%



## FUN FACT:

*Dogecoin was started as a joke in 2013, a way to poke fun at some of the wild speculation in cryptocurrencies.*

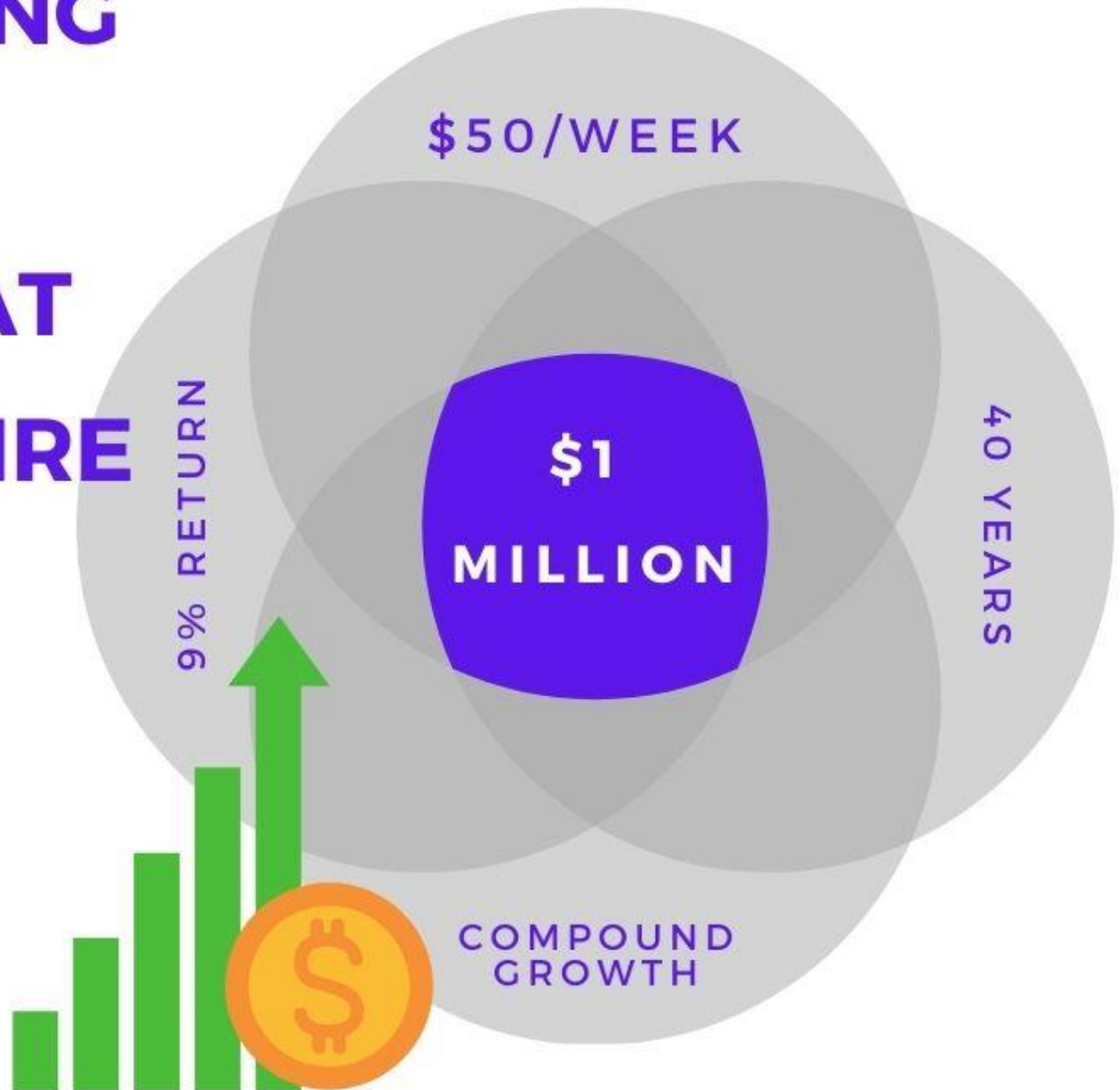
# Great Resources



*Powercat Blog post on Compound Growth:  
[blogs.k-state.edu/powercatfinancial/](https://blogs.k-state.edu/powercatfinancial/)*

# THE MAKING OF A POWERCAT MILLIONAIRE

*Using  
Compound  
Growth*





# Investment Calculator: Try it Yourself

## Investment Calculator

### Calculate your investment earnings

Are you on track to reach your investment goal? Find out using Bankrate's investment calculator below.



**CALCULATE** **VIEW REPORT**

Your plan is on track to exceed your goal of \$1,000,000.

<b>?</b>	<b>Investment goal:</b>	<input type="text" value="\$1,000,000"/>	\$0	\$10k	\$100k	\$500k
<b>Investment plan:</b>						
<b>?</b>	Years to accumulate:	<input type="text" value="20"/>	1	34	67	100
<b>?</b>	Amount of initial investment:	<input type="text" value="\$0"/>	\$0	\$10k	\$100k	\$500k
<b>?</b>	Rate of return on investment:	<input type="text" value="9%"/>	0%	4%	8%	12%
<b>?</b>	Periodic contribution:	<input type="text" value="\$18,000"/>	\$0	\$1k	\$5k	\$20k
<b>?</b>	Contribution frequency:	<input type="text" value="per year"/>				
<b>?</b>	Compound interest:	<input type="text" value="compound annually"/>				
<b>?</b>	Make deposits:	<input checked="" type="checkbox"/> At beginning of the period (uncheck for the end of the period)				

[bankrate.com/investing/investment-goal-calculator/](https://bankrate.com/investing/investment-goal-calculator/)

# K-State Powercat Financial Offerings



Peer to Peer Counseling



Group Presentations



Virtual & In-Person



Financial Education Events



Research

# Topics covered by Powercat Financial



Credit



Budgeting



Student Loans



Investing



Transitioning into Work

# Student Involvement



Home

About us

Services

Credit

Budgeting

Student loans

Your College Financial  
Plan

Transitioning into work

Archived Workshops

## Powercat Financial

Trained peer counselors provide FREE financial counseling and presentations for current K-State students on:

- [Creating your personal college financial plan](#)
- [Budgeting and saving](#)
- [Credit use and debt management](#)
- [Student loan planning and repayment](#)
- [Transitioning to work after college](#)
- [Understanding job offers and employment](#)
- [Identity theft](#)

Would you like to meet with a peer financial counselor? Sessions are available in-person, online via Zoom or by telephone. Indicate which you prefer.

**Request  
Appointment**

Would you like a financial workshop for a student group?

**Request  
Presentation**

**Apply here NOW to Be a PF  
Peer Counselor, PF Student  
Advisory Board member or a  
Residential Financial  
Specialist!**

Support us

Events

Mar 3

**Spring Break NOT Spring Broke**  
12:00 pm – 1:30 pm, K-State  
Student Union

Mar 4

**Pop-Up to Powercat Financial**  
9:00 am – 4:00 pm, K-State  
Student Union

[See all events](#)

All Services are  
FREE!



DISCOVER THE  
K-STATE FAMILY'S  
**PRINCIPLES OF  
COMMUNITY**

Join Us Again...

# Money Hour Series

with Jackie Cummings Koski



Register here:

<https://bit.ly/36QDZzL>

Next up in the Series:

Transitioning  
to Work  
April 5<sup>th</sup>  
5pm Central



*Powercat  
Financial*



Scan QR Code  
with your  
Smartphone  
camera



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