

Moving Toward the Finish Line

Before Assignment #4 — A Small Request

If you've enjoyed your Money 101 experience, I would love it if you would write a recommendation for the program on my LinkedIn profile or by commenting on the YOUTUBE Video.



Steps to Leave a Recommendation on my LinkedIn Profile:

1. **Create a LinkedIn Account** (if you don't already — it's free):
<https://www.linkedin.com/>
2. **Find My Profile and Send a Connection Request:**
<https://www.linkedin.com/in/diane-drey/>
3. **When I Accept Your Request**, through LinkedIn, I will send you a message asking for a recommendation. So please watch for a message.
4. **Respond to the Message:**
Write whatever feedback you'd like to share.

Steps to Leave a Recommendation on YouTube:

Watch the YouTube video where I discuss the program:
[https://www.youtube.com/watch?v= QIxTCxkwug](https://www.youtube.com/watch?v=QIxTCxkwug)

Leave a comment

...and of course spreading the words to your friends or sending me their email address (with their permission) to get periodic handouts and notices of class registration dates – is also appreciated. Thank you so much for your support!

ASSIGNMENT #4

Congratulations — by now, you should have selected:

- **ONE fund for your Life Enhancement Account (taxable)** and
- **ONE fund for your Retirement Account (tax-deferred)**

Great progress! Now it's time to:

1. Learn About Financial Custodians

Read section **12.31: What is a Financial Custodian and How to Choose One.**

2. Choose a Financial Custodian

Most investors open an account with the financial custodian, offering their selected funds to purchase at no cost. i.e., if you choose a Vanguard target date fund, open the account with Vanguard.

However, if investing more than \$5,000, consider prioritizing a custodian with excellent customer service, even if it charges transaction fees. You'll rarely trade as a long-term, buy-and-hold investor, so good service matters more than minor fees.

3. Decide on your priority - a non-retirement (taxable) or a retirement account.

Review Exhibit A below, and decide which account is the most appropriate for you.

4. Decide Your Annual Investment Amount

You should have completed your cash flow statement and know if you are cash-positive or negative. Those that are cash negative should NOT be investing, but as this is an investment class, you can open an account to have the experience and invest \$50 and see how it works.

For cash-positive people, consider how much you can afford to invest over the year.

5. Open an Investment Account

This is where theory becomes reality!

Go online and open a **self-directed** account (not a managed one).

*If you already have an account, analyze your current holdings instead of opening a NEW account, enter them on **Form 12.21**, research the fund metrics, and calculate your stock/bond ratio. Does your existing account's stock/bond ratio align with the goals you set in class #3? If not, make a private appointment, and we can discuss how to rebalance your portfolio tax-efficiently.*

Popular Financial Custodians:

Financial Custodian	Phone	Website
Fidelity	1-800-343-3548	fidelity.com
Schwab	1-800-435-4000	schwab.com
Vanguard	1-877-662-7447	vanguard.com

6. Set Up Automatic Deposits

Consistency is key. Set up an automatic transfer from your local bank checking account to your investment account. It is far better to invest **\$10 a week** (\$520 a year) than wait until you have a more significant amount to invest. Small, consistent investments add up! READ HANDOUT 12.71, which gives more details, or click on the **Automatic Investment Setup Guides offered by:**

- [Fidelity](https://www.fidelity.com)
- [Schwab](https://www.schwab.com)
- [Vanguard](https://www.vanguard.com)

7. Read some of these additional Handouts

- 12.11 Bonds — Effective Duration vs. Effective Maturity
- 12.32 Questions to Ask Your Financial Advisor. **MOST IMPORTANT – keep this one**
- 12.44 What is a Morningstar Category
- 12.46 ETFs vs. Mutual Funds
- 12.54 Ten-Year Performance Quilt by Asset Class (2024)
- 12.71 Automatic Investing
- 12.82 What are Morningstar Star Ratings?
- 12.83 How to Research ESG Funds

8. 24 hours before the next LIVE class, send the instructor an email describing your progress, and be prepared to share your experience in class.

- Did you open an account, and what type (taxable or retirement)?
- Which custodian did you choose and why?
- How was your experience setting up an account?
- Which fund did you purchase and why?
- Did you set up automatic deposits? (This might need to occur after your first cash deposit cleared AND you made your first purchase manually)
- Did you elect to reinvest dividends/interest? (This might be a second step AFTER you have made your first purchase.)
- ANY other investing questions

9. Make an appointment with me if you want some personal guidance.

**In the last class, we will discuss the tax implications of investing.
Uncle Sam is always waiting to participate in your profits.**

Exhibit A — Which Account Should I Open?

Follow this decision guide:

Group A:	<i>If you have not established a sufficient cash Emergency Fund</i>	<p>Open a Non-Retirement account with \$20. Buy an US S&P 500 ETF, as there is no minimum purchase.</p> <p>This will allow you to watch the value change as the markets change. However, if you do not have an emergency fund, you must put off investing more than \$20. Recommended S&P 500 ETFs:</p> <table> <tr> <th>Fiduciary</th><th>Ticker</th><th>Fund Name</th></tr> <tr> <td>Fidelity</td><td>FXAIX</td><td>Fidelity 500 Index</td></tr> <tr> <td>Schwab</td><td>SWPPX</td><td>Schwab® S&P 500 Index</td></tr> <tr> <td>Vanguard</td><td>VOO</td><td>Vanguard S&P 500</td></tr> </table> <p>Track your fund daily — focus on percentage change rather than dollar value.</p>	Fiduciary	Ticker	Fund Name	Fidelity	FXAIX	Fidelity 500 Index	Schwab	SWPPX	Schwab® S&P 500 Index	Vanguard	VOO	Vanguard S&P 500
Fiduciary	Ticker	Fund Name												
Fidelity	FXAIX	Fidelity 500 Index												
Schwab	SWPPX	Schwab® S&P 500 Index												
Vanguard	VOO	Vanguard S&P 500												
Group B:	<i>If you will not have any earned income this year</i>	Open a Non-Retirement account. Aim to invest \$10 a week												
Group C:	<i>If you will have earned income this year, but no workplace retirement plan</i>	Open a Retirement Account . Aim to invest at least \$10 a week.												
Group D:	<i>If you have a workplace 401(k) but are not contributing</i>	Sign up for your employer sponsored 401(K) ASAP and start contributing! Find out if they offer a match. Save first with your employer – and if you have excess money, you can open a non-retirement account to get the investing experience.												
Group E:	<i>If you have a workplace 401(k) and are already contributing</i>	<p>You might still open a personal retirement account. Read this guide. For now, open a Non-Retirement account.</p> <p>2025 IRA Contribution Limits:</p> <ul style="list-style-type: none"> Up to \$7,000 (if under 50) – approx. \$ 134 a week Up to \$8,000 (if 50+) – approx. \$ 153 a week Or your total earned income (whichever is less) <p>See IRS guidelines.</p>												

IF THE TARGET DATE FUND HAS A MINIMUM PURCHASE, which is out of reach, consider a three-fund approach as we reviewed in class: a US Stock fund, an International Stock Fund, and a Total Bond Fund. The ticker symbols are on sheet 12.22d – but remember you must rebalance periodically.