



Jugl Presents: Investing 101

International Women's Day – March 2019

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If you won \$50,000 tomorrow... What would you do with it?

- Spend it! Vacation! Jewelry! Tesla!
- Spend some and invest the rest
- Pay down student loans or cc debt
- Fund a retirement account
- Start your own business
- Down payment on a house
- Buy life insurance

There are no right or wrong answers!



Our goal today is to demystify investing and convince you that

1. Anyone can invest
2. Today is better than “tomorrow”
3. Talking about money can be uncomfortable, but is worth it
4. You are ready to take the next step

Who Am I?



AMY ROSENOW, CFA

CEO & Founder, Jugl LLC

**Entrepreneur, financial industry veteran, hedge fund and
angel investor, passionate working mom and philanthropist**

President, RUOK Management, LLC

President, Kaplan Rosenow Family Foundation

COO & CCO, Sheffield Asset Management, L.L.C.

Morgan Stanley, Bear Stearns, JP Morgan

Cornell University

Disclaimer

DO YOUR RESEARCH

We are here to help teach some basic investing concepts. Investing always involves risk. Be careful. Consult a financial advisor if you need more help. Always read the fine print. Nothing in here is meant to be a specific recommendation.

That being said, don't be too afraid to start.

What is “investing” anyway?

Buying something NOW with the expectation that you will make money off of it in the FUTURE

Stocks

Bonds

Mutual funds

ETFs



Businesses

Real estate

Commodities

Collectibles/art

Why invest?

- Savings alone won't cut it because of inflation
- Build wealth through the power of **compounding**
- Grow your assets for retirement
- Save for your long-term goals (college for your kids, trip around the world, build your own business, buy a Tesla, etc.)



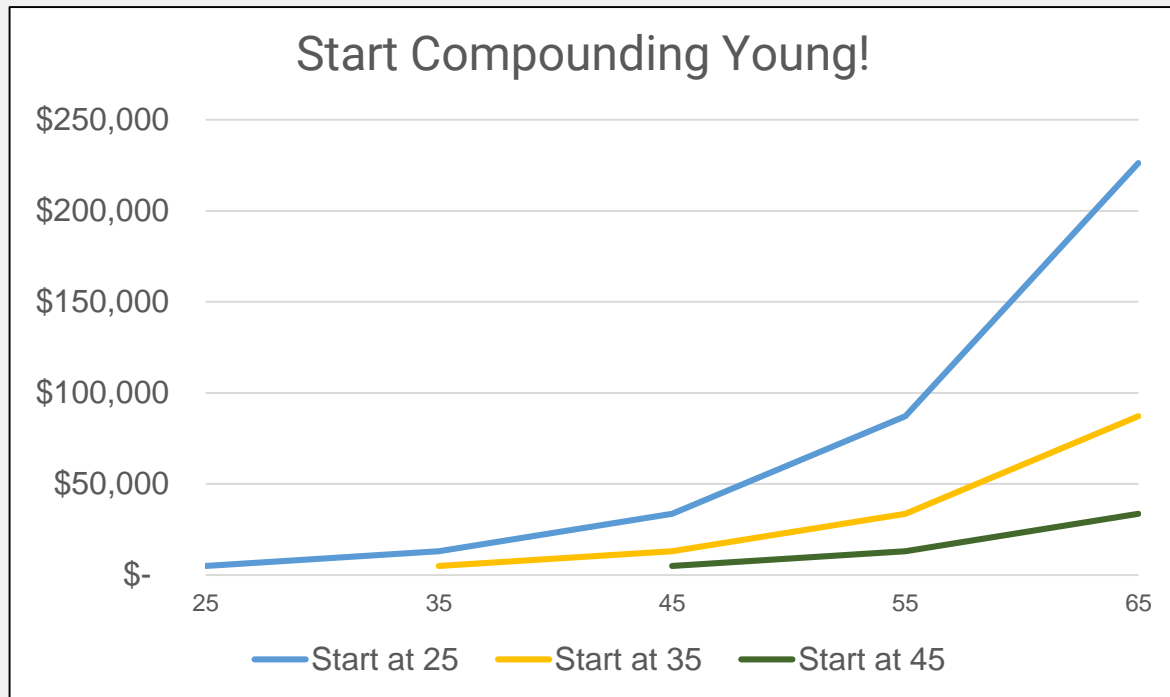
Who in this room wants to be wealthy?

- Most people today do not get wealthy from salary alone
- They build businesses or build wealth by investing (often both)
- Money = power and flexibility
- Lets you put your money where your mouth and your heart are
- Who wants some of that?!



Benefits of starting young

Let's say you invest \$5000



S&P 500 for last 90 years has averaged ~10% with dividends reinvested

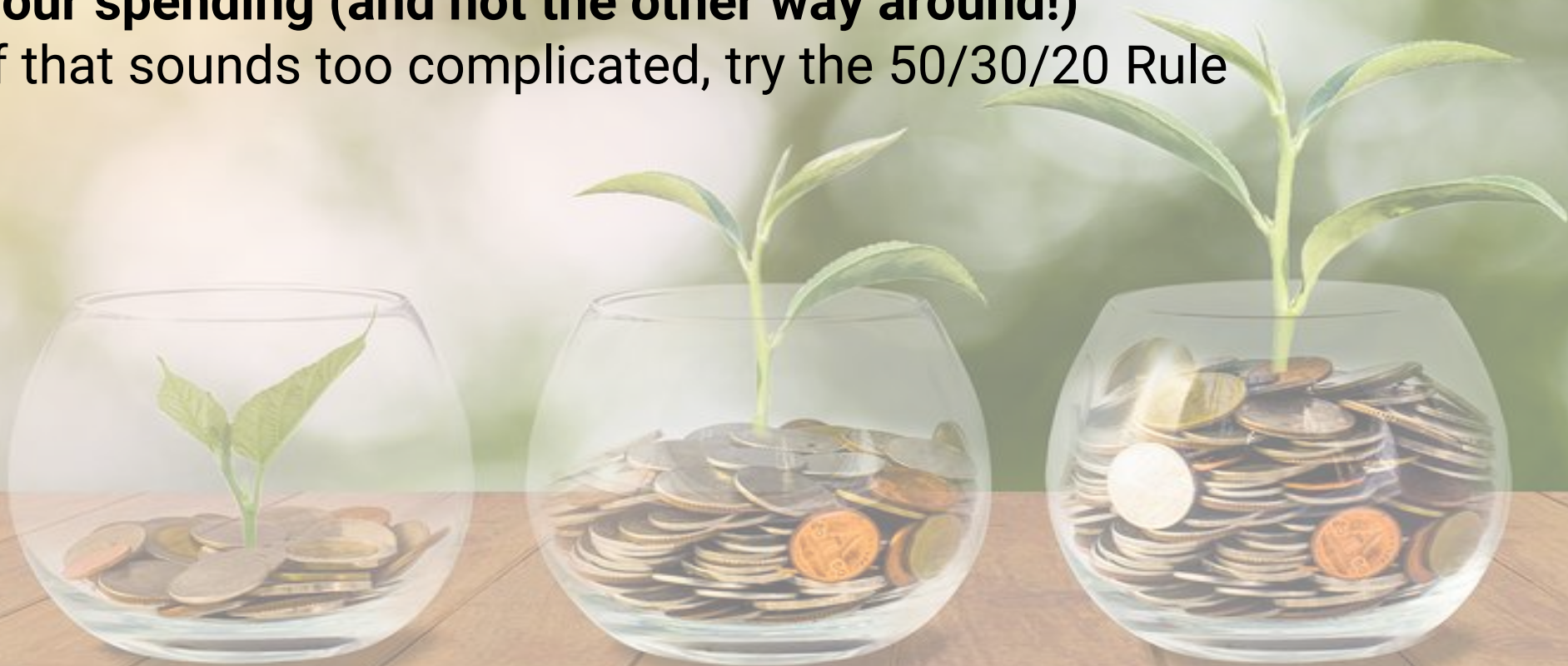
If you invested at:

- Age 25 then at 65 you'd have \$226K
- Age 35 then at 65 you'd have \$87K
- Age 45 then at 65 you'd have \$33K

NO TIME LIKE THE PRESENT!

Goals!

- Think about your goals (and discuss with your partner if applicable)
- How much money you want to have by a certain date?
- **Calculate backwards from there so that your savings goals drive your spending (and not the other way around!)**
- If that sounds too complicated, try the 50/30/20 Rule



50/30/20 Rule

50% of take-home pay goes to NEEDS

- Rent, utilities, groceries, transportation, medical, basic clothing, etc.

30% goes to WANTS

- Dining out, drinks, travel, movies, concerts, FUN!

20% goes to FUTURE DREAMS

- That's where saving, paying down debt and investing come in!





Fun math: Rule of 70

How long until you double your \$

To estimate the # of years it takes for an investment to double in value

Take $70 / \text{RoR}$ to get # years to double

Investment compounding at

- 5% doubles in ~14 years ($70/5$)
- 7.5% doubles in ~9.3 years ($70/7.5$)
- 10% doubles in ~ 7 years ($70/10$)
- 15% doubles in ~ 4.7 years ($70/15$)

SMALL DIFFERENCE IN RETURN MAKES BIG DIFFERENCE OVER TIME

What to do before you invest outside of retirement accounts

**BUILD A 3-6 MONTH
EMERGENCY FUND**

**PAY OFF STUDENT LOANS
AND OTHER HIGH
INTEREST DEBT**

**TAKE ADVANTAGE OF
COMPANY 401K MATCH
IF AVAILABLE**

**CONSIDER OPENING A
ROTH IRA IF ELIGIBLE**



Jump in!

- It's OK to start small
- Many platforms have low fees and no minimums
- Remember our \$5000 example?
 - If our 25-year old didn't have \$5000
 - But instead started with \$500
 - Then added \$50/month until she hit \$5000
 - At 65 she would have nearly \$174K
 - THAT'S double what she would have if she waited until 35!!

Let's talk terminology

STOCK

A small **ownership** stake in a business. Publicly listed companies allow anyone to buy and sell on stock exchanges. You make money when the price goes up and lose money when it falls. Some stocks also pay dividends.

BOND

When you **loan** money to governments or corporations. They pay you back with interest at a future date which is called "maturity."

US Government bonds are called treasuries, bonds from state and local governments are called municipal bonds or "munis," and bonds from low quality issuers are called high yield or "junk" bonds.

Let's talk terminology

PORTFOLIO

Consists of all your investments at a particular broker or across brokers. Think of it as your “Big Picture.”

DIVERSIFICATION

The investment concept of not having all your eggs in one basket. You don't want too much exposure to one company, sector, theme, etc.



Let's talk terminology

ASSET ALLOCATION

Refers to how you divide up your investments by type, style, and geography

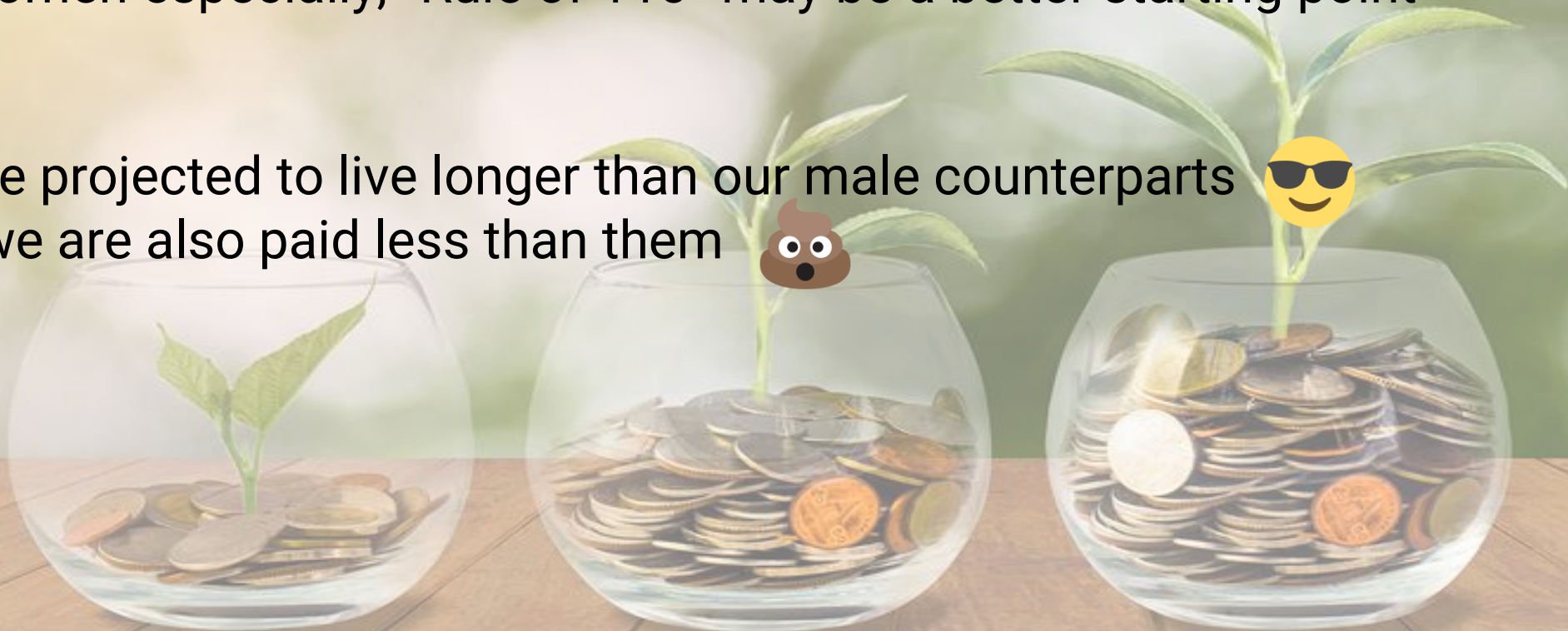
- Stocks/bonds/cash/other
- US/Global
- Developed markets/Emerging markets
- Sector
- Growth/value
- Etc.

How do you decide allocation?

- Each person's risk tolerance is different
- Longer time horizons allow for more risk-taking
- "Rule of 100" used to be guideline: subtract AGE from 100 to get % stocks
- For women especially, "Rule of 110" may be a better starting point

WHY?

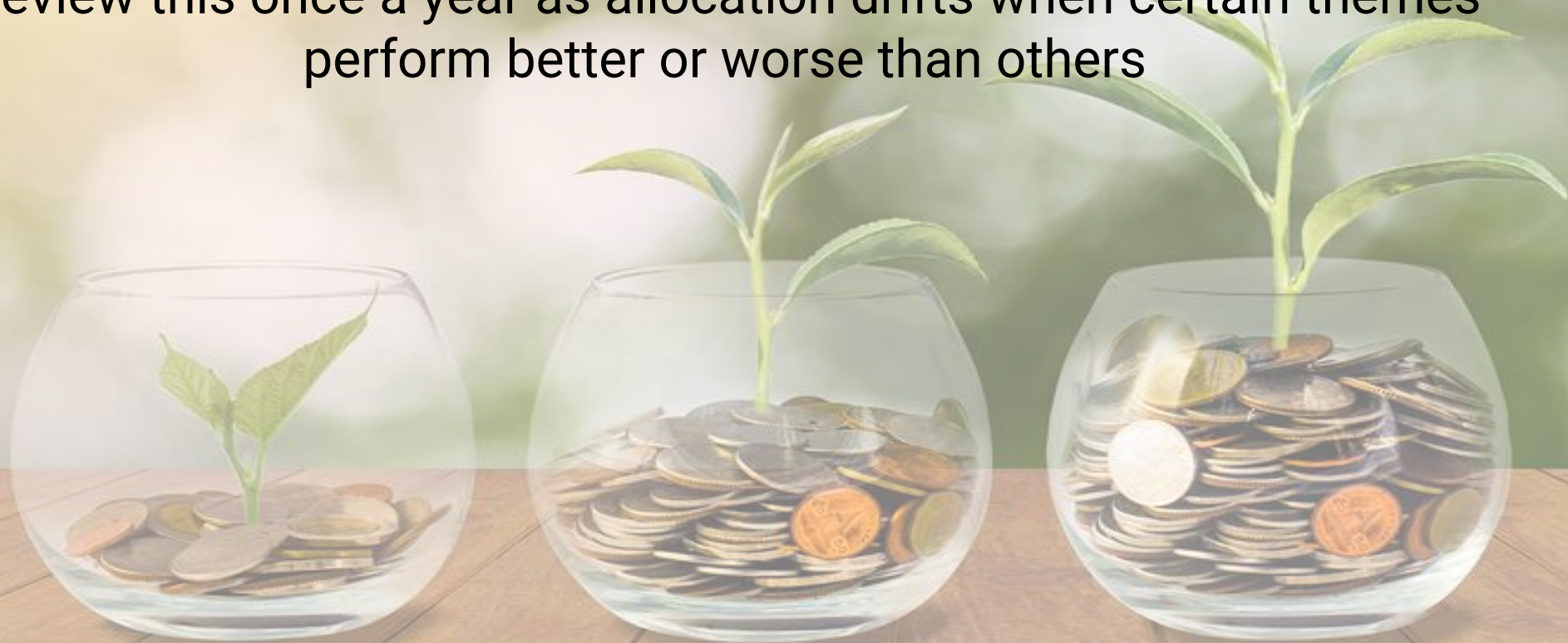
- We are projected to live longer than our male counterparts
- BUT we are also paid less than them



How can we close the gender gap?

EXTRA IMPORTANT TO START INVESTING EARLY AND
TO HAVE AN APPROPRIATE ASSET ALLOCATION

Review this once a year as allocation drifts when certain themes
perform better or worse than others



Let's talk terminology

ETFs VS. MUTUAL FUNDS

ETFs are Exchange Traded Funds which allow you to buy small pieces of multiple investments in a single security

- Have intra-day liquidity (traded on exchange)

Mutual funds are vehicles that pool money to buy various securities, similar to an ETF

- Have end-of-day liquidity only (at the NAV)

Both are professionally managed and available with a variety of strategies

Let's talk terminology

529 PLAN

Account that allows for tax-advantaged savings for college

PENSION PLAN (Defined Benefit plan)

Retirement account that requires employer to make contributions into a pool of funds set aside for workers' future needs. These are invested by the employer (so the plan bears the investment risk) and paid out at retirement, usually until the employee dies (so the plan bears the longevity risk as well).

401(k) PLAN (Defined Contribution plan)

Retirement account that allows employees to contribute money via pre-tax paycheck deductions which grow tax free. Employers may also contribute. Employees bear the investment risk and the longevity risk.

6 Investing Tips

1. Always be suspicious of tips!!!
2. Investing is a LONG-TERM affair. Do NOT look at your account daily!
3. Don't put all your eggs in one basket (even if you love the basket)
4. Don't invest what you can't afford to lose
5. Try to keep your fees low and your interest rates high
6. Create habits and processes that will help you
 - Automatic investments are your friend
 - When you get a raise, divert some of the increase to savings/debt relief/investments before you get used to the higher cash flow



How did we do?

Are you ready to invest?

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Any questions?



Thank you.

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