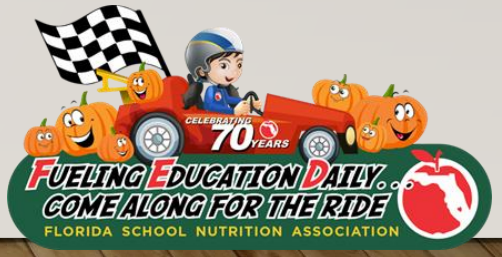
Who Wants to Retire a Millionaire?

Presented By:
Jud Crane



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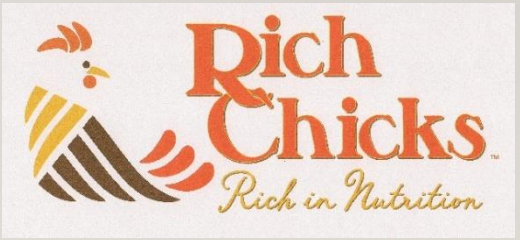
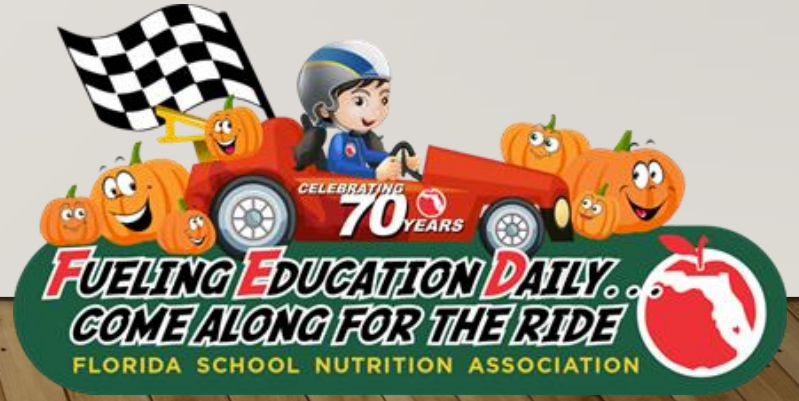
CHAMPIONS SUPPORTERS BOOSTERS



WHO WANTS TO RETIRE A MILLIONAIRE?



Retire

Anyone, regardless of income, can retire as a millionaire **if they start saving early enough.**

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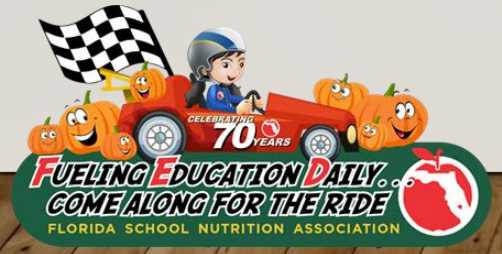
FLORIDA SCHOOL NUTRITION ASSOCIATION

Retirement Planning 101

- IRAs



GUIDING PRINCIPALS FOR FINANCIAL PLANNING

1. Spend less than you earn

2. Save for retirement

COMPOUNDING

- Compound interest occurs when the interest that accrues to an amount of money in turn accrues interest itself.

- In other words, with compounding, you make money on the original amount invested (principal), then you make more money on the amount your principal earned.

- The power of compounding takes place over time, and builds wealth slowly.

WOULD YOU RATHER HAVE A MILLION DOLLARS NOW OR A PENNY THAT DOUBLES EVERY DAY FOR 30 DAYS?

Day 1	$	.01	Day 16	$	327.68
Day 2	$	.02	Day 17	$	655.36
Day 3	$	.04	Day 18	$	1,310.72
Day 4	$	.08	Day 19	$	2,621.44
Day 5	$	.16	Day 20	$	5,242.88
Day 6	$	.32	Day 21	$	10,485.76
Day 7	$	.64	Day 22	$	20,971.52
Day 8	$	1.28	Day 23	$	41,943.04
Day 9	$	2.56	Day 24	$	83,866.08
Day 10	$	5.12	Day 25	$	167,772.16
Day 11	$	10.24	Day 26	$	335,544.32
Day 12	$	20.48	Day 27	$	671,088.64
Day 13	$	40.96	Day 28	$	1,342,177.28
Day 14	$	81.92	Day 29	$	2,684,354.56
Day 15	$	163.84	Day 30	$	5,368,709.12

Day [illegible] .12

COMPOUNDING AND TIME

Annual Return	8%

Age	Amt Invested	Year End Value
25	$5,000	$5,400
26	$5,000	$11,232
27	$5,000	$17,531
28	$5,000	$24,333
29	$5,000	$31,680
30	$5,000	$39,614
31	$5,000	$48,183
32	$5,000	$57,438
33	$5,000	$67,433
34	$5,000	$78,227
35	$5,000	$89,886
36	$0	$97,076
37	$0	$104,843
38	$0	$113,230
39	$0	$122,288
40	$0	$132,071
41	$0	$142,637
42	$0	$154,048
43	$0	$166,372
44	$0	$179,682
45	$0	$194,056
46	$0	$209,581
47	$0	$226,347
48	$0	$244,455
49	$0	$264,012
50	$0	$285,132
59	$0	$569,981
60	$0	$615,580

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Total Invested:	$55,000
Final Retirement Value:	$615,580

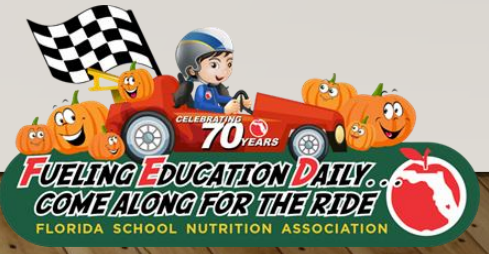
Age	Amt Invested	Total Value
35	$5,000	$5,400
36	$5,000	$11,232
37	$5,000	$17,531
38	$5,000	$24,333
39	$5,000	$31,680
40	$5,000	$39,614
41	$5,000	$48,183
42	$5,000	$57,438
43	$5,000	$67,433
44	$5,000	$78,227
45	$5,000	$89,886
46	$5,000	$102,476
47	$5,000	$116,075
48	$5,000	$130,761
49	$5,000	$146,621
50	$5,000	$163,751
51	$5,000	$182,251
52	$5,000	$202,231
53	$5,000	$223,810
54	$5,000	$247,115
55	$5,000	$272,284
56	$5,000	$299,466
57	$5,000	$328,824
58	$5,000	$360,530
59	$5,000	$394,772
60	$5,000	$431,754

Total Invested:	$130,000
Final Retirement Value	$431,754

DOLLAR COST AVERAGING

DOLLAR COST AVERAGING IS A STRATEGY IN WHICH AN INVESTOR PLACES A FIXED DOLLAR AMOUNT INTO A GIVEN INVESTMENT ON A REGULAR BASIS.

Date	Price/Share	Shares	Cost
Jan. 1st	$20	50	$1,000
Feb. 1st	$15	66.66	$1,000
Mar. 1st	$10	100	$1,000
Apr. 1st	$18	55.55	$1,000
	Total	272.22	$4,000
	Avg. Price Per Share		$14.69



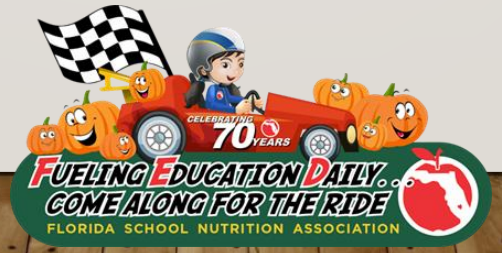
IRA

- Individual
- Retirement
- Account

TWO KINDS OF IRAS

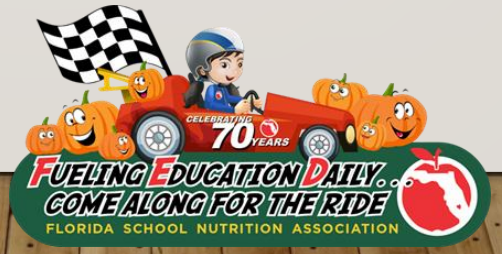
- Traditional
  - Tax deferred – amount of contribution deducted from gross income in year made, therefore reducing taxes for that year. Taxes are paid on both contribution and earnings when funds are withdrawn.

- Roth
  - Non deductible. Taxes paid on the year in which contribution is made. No further taxes on either contributions or earnings.



WHAT KIND OF INVESTMENT CAN BE IN AN IRA?

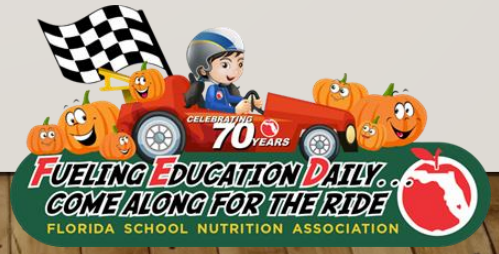
- Savings Account
- Money Market
- CDs
- Bonds
- Gold and precious metals
- Real estate
- Stocks
- Bonds
- Others



MUTUAL FUNDS

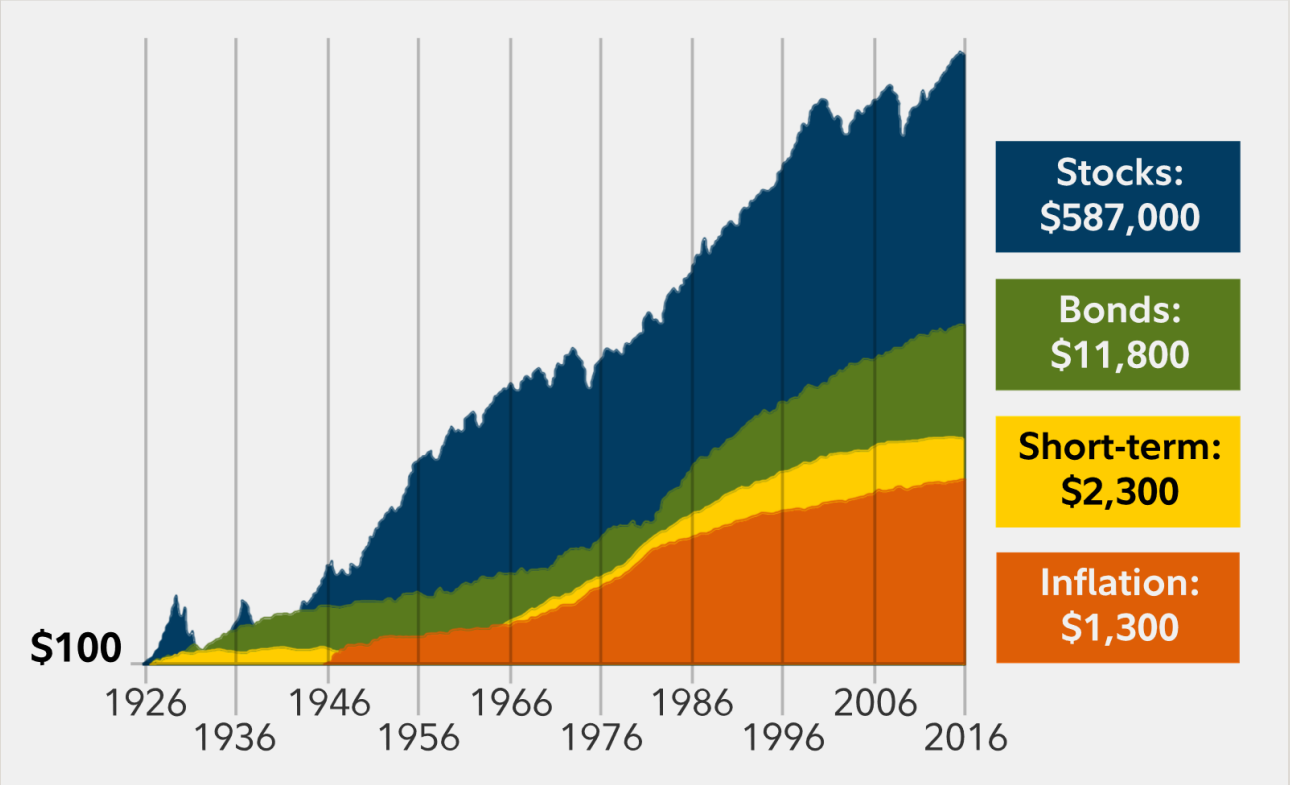
- A **fund** in which shareholders combine their money to invest in a variety of stocks, bonds, and money-market investments.

- **Index funds** are mutual funds that are designed to track the performance of a particular index (Dow Jones, S&P, NASDAQ, Total Stock Market, etc.)



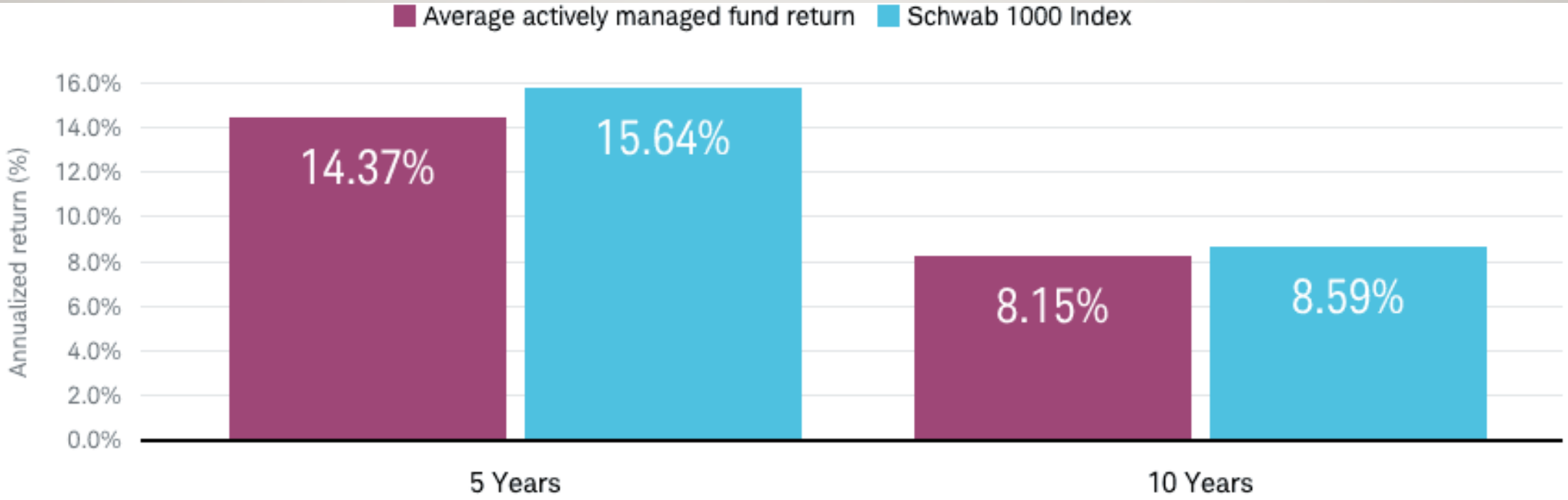
RECOMMENDATION: ROTH IRA IN AN UNMANAGED, INDEX MUTUAL FUND.

- Why an index fund that tracks the stock market?



From 1926 through 2016, stocks returned an average 10% annually, versus 5.4% for bonds and 3.5% for short-term investments. If you had invested $100 in stocks in 1926, it would have be worth $587,000 at the end of 2016. (Data source: Morningstar, Inc.)

Why an unmanaged index fund?



Source: Charles Schwabb Webpage

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CELEBRATING 70 YEARS

How do I get started?

Pick a provider

Which one?

Reference: https://clark.com/personal-finance-credit/how-to-open-roth-ira/

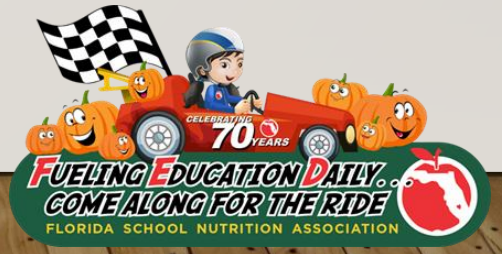
Provider	Start investing with	Get started at this link
Vanguard	From $1,000 to $3,000 depending on the fund	More info
Fidelity	From $0 to $2,500 depending on the fund	More info
Charles Schwab	$1	More info

Vanguard

877-320-3099

The Vanguard Group is a registered investment advisory based in Valley Forge, Pennsylvania with $5.3 trillion in global assets under management, as of September 30, 2018.

- Known for its low fees
- Client-owned structure where the people who own its funds are the owners of the company
- You can begin investing in select funds with $1,000
- However, most funds require a minimum of $3,000
- No physical office locations for customers



Fidelity

800-972-2155

Fidelity Investments is a multinational financial services corporation based in Boston, Massachusetts with $2.46 trillion in assets under management as of March 2018.

- Offers the industry's first-ever no-fee index funds
- Known for its low fees
- You can begin investing with no minimum in many funds
- However, some funds require a minimum of $2,500
- Has 10 regional offices and more than 190 financial planning offices for customers
- See a complete list of office locations here.

866-855-9102

This bank and brokerage firm based in San Francisco, California had $3.25 trillion assets under management as of December 31, 2018.

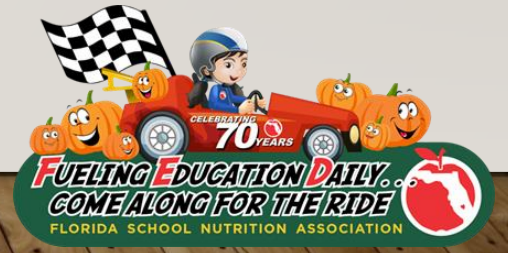
- Known for its low fees
- No account minimum to open most accounts
- More than 300 locations across the country for customers
- See a complete list of office locations here.

WHICH FUND?

- Vanguard 500 Index Fund Admiral Shares (VFIAX)
  - Tracks the top 500 stocks in the Standard and Poor Index (S&P)
  - Minimum $3000

- Fidelity ZERO Total Market Index Fund (FZROX)
  - No minimum investment, No expenses

- Schwab Total Stock Market Index Fund (SWTSX)
  - $1 minimum investment



Or you may want to choose a targeted date retirement fund, which are available at all three of the recommended providers as well as most other major financial institutions that sell mutual funds.

Balanced funds

Target-date

Name	Ticker	Asset class	Expense ratio	Price as of 09/25/2019 Price	Change	SEC yield	As of 09/25/2019 YTD	Average annual returns as of 08/31/2019 1-yr.	5-yr.	10-yr.	Since inception
Target Retirement 2015	VTXVX	Balanced	0.13%	$15.41	-$0.02 -0.13%	2.15% B 30 day 8/30/2019	11.18%	5.33%	4.83%	7.54%	6.14% (10/27/2003)
Target Retirement 2020	VTWNX	Balanced	0.13%	$32.25	-$0.01 -0.03%	2.17% B 30 day 8/30/2019	12.64%	4.34%	5.35%	8.23%	6.22% (06/07/2006)
Target Retirement 2025	VTTVX	Balanced	0.13%	$19.35	$0.01 0.05%	2.19% B 30 day 8/30/2019	13.76%	3.70%	5.68%	8.75%	6.71% (10/27/2003)
Target Retirement 2030	VTHRX	Balanced	0.14%	$35.26	$0.04 0.11%	2.20% B 30 day 8/30/2019	14.41%	2.85%	5.87%	9.20%	6.52% (06/07/2006)
Target Retirement 2035	VTTHX	Balanced	0.14%	$21.63	$0.03 0.14%	2.20% B 30 day 8/30/2019	14.93%	1.99%	6.05%	9.62%	7.26% (10/27/2003)
Target Retirement 2040	VFORX	Balanced	0.14%	$37.34	$0.07 0.19%	2.21% B 30 day 8/30/2019	15.57%	1.08%	6.20%	9.87%	6.84% (06/07/2006)
Target Retirement 2045	VTIVX	Balanced	0.15%	$23.44	$0.06 0.26%	2.22% B 30 day 8/30/2019	15.98%	0.40%	6.24%	9.89%	7.63% (10/27/2003)
Target Retirement 2050	VFIFX	Balanced	0.15%	$37.72	$0.09 0.24%	2.22% B 30 day 8/30/2019	15.99%	0.38%	6.25%	9.89%	6.89% (06/07/2006)

Other Retirement Investment Accounts:

- 401k: A **401(k)** is a retirement savings plan sponsored by an employer. It lets workers save and invest a portion of their paycheck

- 403b: A **403(b)** is a retirement savings a retirement account for certain employees of public schools and tax-exempt organizations.

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