

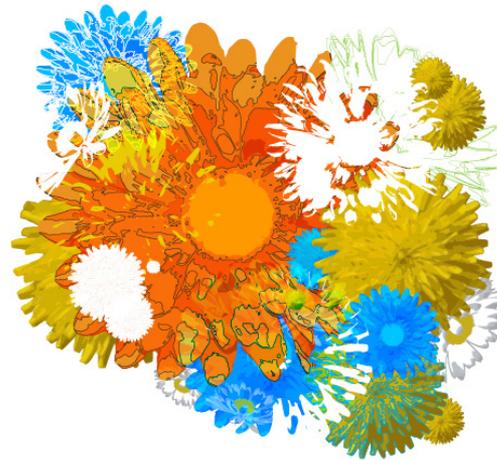
What's Your Story?



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Auntie Sue

- Listen to the story of Auntie Sue
- Write down any details you feel are relevant
- What types of insurance did Auntie Sue have?



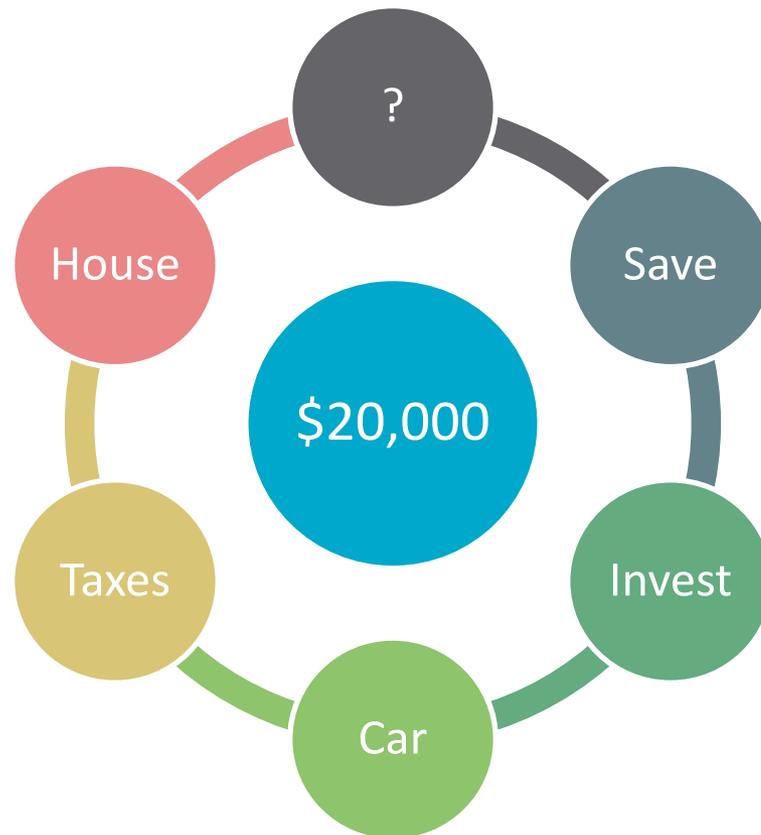
Insurance

Insurance: A plan in which individuals who are concerned about potential risks will pay premiums to a company, who in return will reimburse them if there is loss.

- Why do you think insurance is important?

You have just inherited \$20,000 from Auntie Sue

- What is your next move?
- Use the diagram to plan out how you are going to use the money.



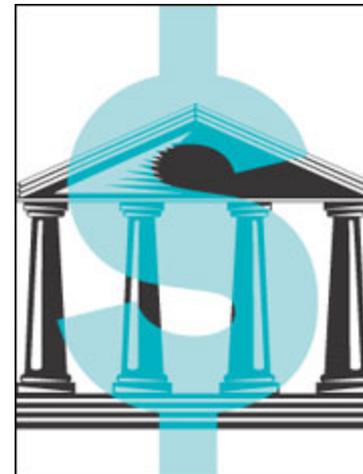
Did you pay yourself first?

- Hopefully you saved or invested a good percentage of the \$20,000



Saving and Investing

- **Saving:** setting money aside; usually can be easily accessed
 - Savings account
 - Emergency fund
- **Investing:** setting money aside, usually for a longer-term goal
 - Stocks
 - Bonds
 - Mutual funds
 - IRA/ 401(k) retirement



Compound Interest

Compound interest is the concept of adding accumulated interest back to the principal, so that interest is earned on interest going forward

<http://www.investor.gov/tools/calculators/compound-interest-calculator>

Savings Accounts

- An account that draws interest at a credit union, bank or other financial institution
- Most are insured by the federal government up to a certain amount
- Easy to access
- Low risk



Different types of savings accounts

- Regular Savings
- Money Market Savings
- Savings Certificates or Certificates of Deposit



Investments

- Risk is involved
- Long-term
- Need management of funds: you or a financial advisor need to manage the funds
- Fees are usually involved



Stock Investments

- A share of stock represents a percentage of ownership in a company
- Companies issue stock to get investment money to build or expand their business
- Investors purchase stock because of the potential for appreciation and in some cases, dividends (periodic cash payments to stockholders from the company's earnings)



Pros and Cons of Stocks

- **Pros**

- Greatest potential to make money over time

- **Cons**

- Inherently risky: One week your stock may be worth more than what you paid for it, the next week less



Bonds

Bond: a loan to a company (corporate bond) or government (government bond)

- As a bondholder you are the lender
- In exchange for the loan the issuer promises a specific interest called “the coupon”
- Considered a fixed income investment
- Less risk
 - If a company goes out of business, bondholders are paid before stockholders



Mutual Funds

Mutual funds: Diversified investments that can be made up of any combination of stocks, bonds, and cash equivalents

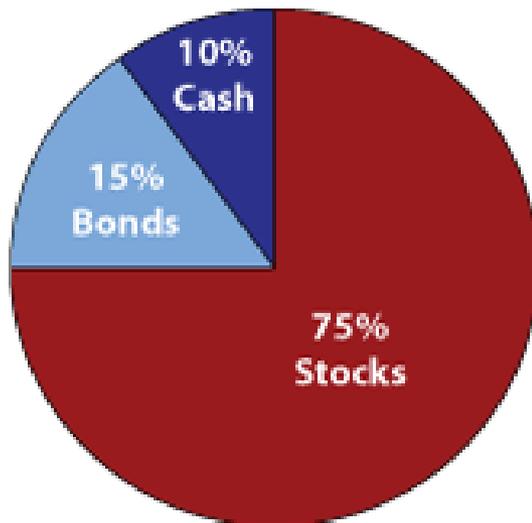
- Each fund has an objective and specific goals
- There are thousands of mutual funds in virtually every investment combination



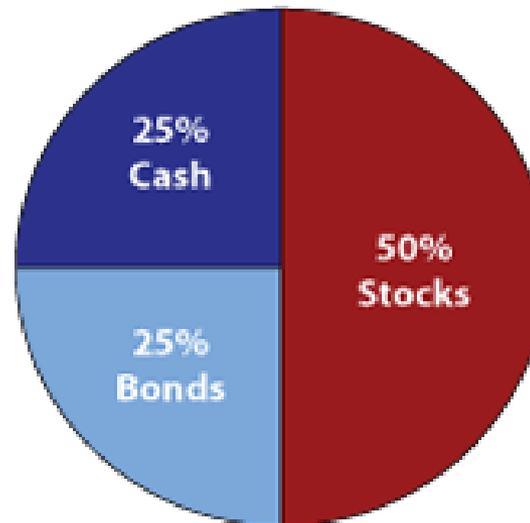
Manage investment risk/diversification:

Funds are divided among a variety of securities with different risk and reward potentials.

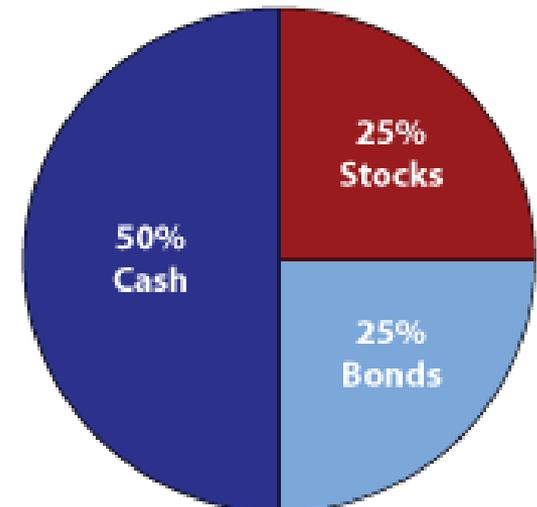
Aggressive



Balanced



Conservative



Retirement Accounts

- **Defined Contribution Plans:** Such as a 401(k) or 403(b): employer-sponsored retirement plan
 - The employee elects to have a portion of his or her wage paid directly into his or her account
 - Some companies will match your contribution
 - You can move your 401(k) from your old employer if your new employer has a 401(k) plan
- **IRA account:** Designed to offer the potential for tax-advantaged growth of your retirement savings

- Roth
- Traditional



Find a Stock

- Brainstorm what products you use
 - Look up stock information at
 - <http://www.reuters.com/finance/stocks>
 - Type in stock symbol or name
 - Click Search

Let's Play "Pit"!

- Research on <http://www.reuters.com/finance/stocks>
- Find a stock and write the ticker symbol and the name of the company on all 9 cards.
- Cut up your cards and hand them to the dealer
- Deal cards
- Pick up your cards and arrange them by ticker symbol. Be sure no one else can see them.
- While arranging your cards, decide which stock you want to get the most of.



- After everyone has had a chance to sort his or her cards, the dealer announces, "The Exchange is open."
- When the dealer announces the "The Exchange is open", begin to trade the cards that have the stock you do not want.
- Hold up the cards so the ticker symbol does not show and call, "Trade One! One! One!" or "Trade Two! Two! Two!" etc., depending on the number of cards you wish to trade.



- You may trade cards with any opponent who is calling out the same number. Sometimes a particular opponent will want to trade fewer cards than you do. In this case, you may lower your bid and trade the smaller number.
- Continue trading until one player gets 9 cards with the same ticker symbol.
- If you get all 9 cards with the same ticker symbol, hit the bell and call out, "Winner of Apple!" (or whatever the stock may be).



The following is considered identifying information

- Name
- Social security number
- Date of birth
- Drivers license number
- Mother's maiden name
- Credit & debit card numbers
- Bank account numbers
- Passwords
- Personal identification numbers (PINs)

How is identity theft perpetrated?

- Information is stolen from an individual
- Accounts opened in the victim's name
- Loans applied for in the victim's name
- Jobs obtained in the victim's name

How do I protect myself from identity theft?

- Protect your personal and financial information: social security number, passport, birth certificate, credit cards, ATM/debit cards, checks, driver's license
- Shred personal information
- Don't give information by the phone unless you initiated the call
- Be internet smart
- Check statements carefully and promptly, then report any discrepancies

A Happy Ending?

- Write down what you would do with the inheritance and why you chose that option.
- What's your story?
- Will you have a happy ending?

