Investing 101

Next Generation of Lancaster
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A BLUESPRING WEALTH PARTNER

4 Ways to get rich

- Business Success
- Highly Specialized Skills
- Luck
- Thrift

Let’s Talk About …

- Saving
- Investing
- Investment Types
- Account Types
- Financial Apps

Saving or Investing?

- How can you tell the difference?

Saving or Investing?

Saving

- For an Emergency Fund
  - 3 to 6 months of expenses
- For Near-Term Goals
  - Vacation
  - Car Purchase
  - Home Down Payment

Investing

- For Long-Term Goals
  - College Expenses
  - Retirement

Ways to Save

- Bank or Credit Union Checking/Savings Account

- High Yield Online Money Market Account
  - It's a Bank Product
  - Accessible
  - FDIC Insurance
  - 'High Yield' is relative to current interest rates

Research current interest rates at https://www.bankrate.com/banking/money-market/rates/ for savings vehicles available in your area.

Examples:
SoFi Online Savings Account*

- 3.80% APY
- Minimum balance $0

Capital One Performance 360*

- 3.40% APY
- Minimum balance $0

*For reference only, as of 11/5/25

Saving Is

- The first step in investing

- Helps develop a pattern for investing by living below your means
  - Free up money for saving by plugging leaks in your budget.
  - Find $5/day and you can save $1,825/year. It's often easy to find much more than that by working through your regular expenses like your phone plan, car insurance, eating out, internet and cable.

Investing for Long-Term Goals

To accomplish long term goals like a comfortable retirement

- You need TIME
- You need RETURN
- You must accept RISK (volatility)

More reward typically means more risk

Consider the Effect of Time

It’s more important than you think!

Compound Interest

@ 5% Interest Rate

Make Time Work for You

Age	Annual Contribution	Investment Return	Total Value at Retirement (Age 65)
20	$5,000.00	8.00%	$2,087,130.33
21	$5,000.00	8.00%	$1,927,528.09
22	$5,000.00	8.00%	$1,779,748.23
23	$5,000.00	8.00%	$1,642,915.03
24	$5,000.00	8.00%	$1,516,217.62
25	$5,000.00	8.00%	$1,398,905.20
26	$5,000.00	8.00%	$1,290,282.59
27	$5,000.00	8.00%	$1,189,706.11
28	$5,000.00	8.00%	$1,096,579.73
29	$5,000.00	8.00%	$1,010,351.60
30	$5,000.00	8.00%	$930,510.74
31	$5,000.00	8.00%	$856,584.02
32	$5,000.00	8.00%	$788,133.35
33	$5,000.00	8.00%	$724,753.10
34	$5,000.00	8.00%	$666,067.69
35	$5,000.00	8.00%	$611,729.34

Waiting just 5 years costs you $688,225.13...ouch!

Invest Now,
Invest Regularly

Major Types of Investments or Asset Classes

- Bonds
- Stocks
- Real Estate
- Cryptocurrency
- Commodities

Can be purchased:

Individually

OR

Collectively in

- Mutual Funds
- Exchange Traded Funds (ETFs)

What are Bonds?

Loaning your money to a company or government entity for a specified period of time in exchange for regular interest payments and the return of your principal at bond maturity

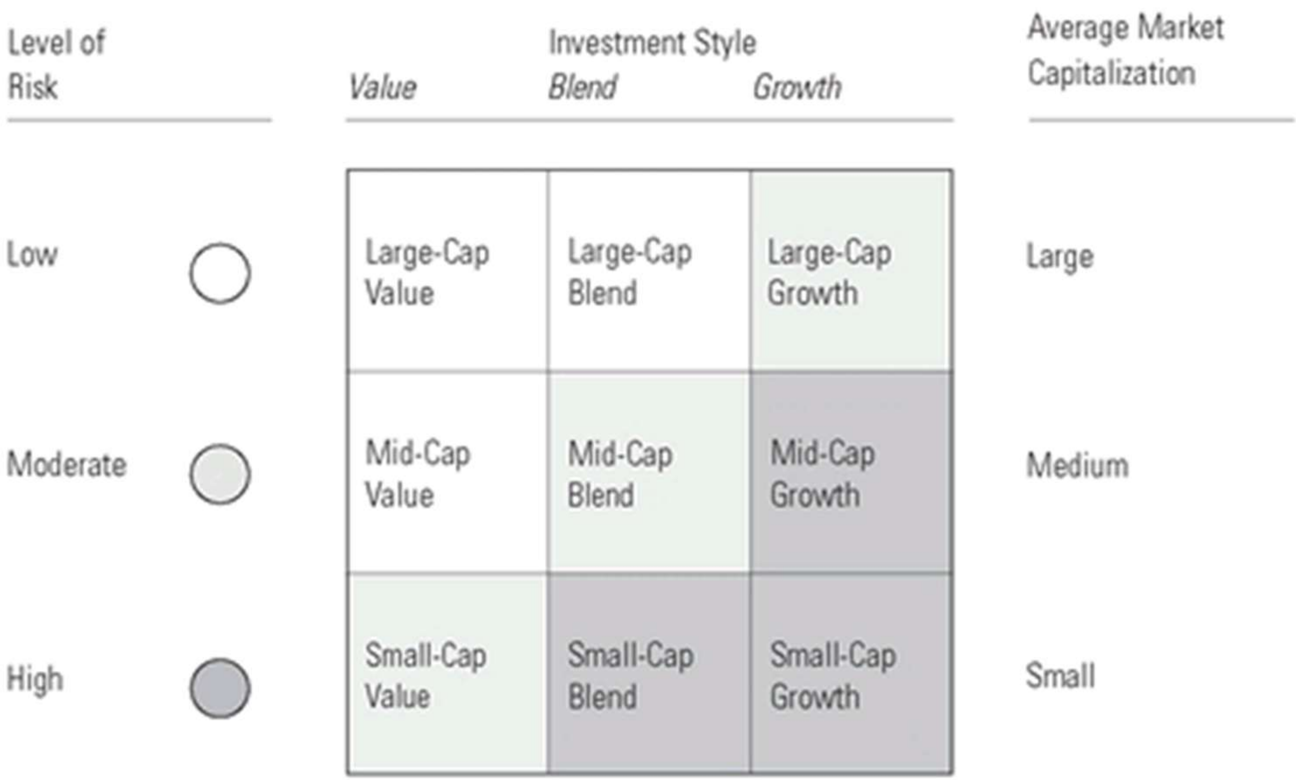
- Corporate bonds
  - Consider credit quality
  - Consider maturity – Short, Intermediate, Long
- Government bonds
  - Treasury bills (T-bills): 4, 13, and, 26 week maturity
  - Treasury notes: 2 to 10 years maturity
  - Treasury bonds: 30-year maturity
  - U.S. savings bonds can be purchased online at www.treasurydirect.gov
- Municipal bonds
  - Consider credit quality
  - Tax-free interest – but yields are often lower than corporate bonds or CDs
    - Need to evaluate Federal and State/local tax savings vs. yield
    - Consider if you are in a high tax bracket and are buying in a taxable brokerage account

What are Stocks?

Buying a part of a publicly traded company

- Highest potential rate of return/highest risk (volatility)
- Within stocks, so many choices
- Return comes from **appreciation** of the price of the stock from when you bought it, and **dividends** paid out by the company to shareholders
- Diversification is necessary – For example, we suggest 9 different stock asset classes for investment portfolios

Morningstar Style Box



Market Capitalization

A company's **capitalization** is the total value of all its stock—that is, the price of a company's stock times the number of shares outstanding

Large Cap Vanguard S&P 500 ETF Symbol: VOO Median Market Cap: $403.2B	Mid Cap Vanguard Mid Cap ETF Symbol: VO Median Market Cap: $42.3B	Small Cap Vanguard Small Cap ETF Symbol: VB Median Market Cap: $9.4 Billion
Top 10 Holdings: NVIDIA Corp. Microsoft Corp. Apple Inc. Amazon.com Inc. Facebook Inc. Class A Broadcom Inc. Alphabet Inc. Class A Tesla Inc. Alphabet Inc. Class C Berkshire Hathaway Inc. Class B	**Top 10 Holdings:** Robinhood Markets Inc. Class A Constellation Energy Corp. Newmont Goldcorp Corp. DoorDash Inc. Class A ROBLOX Corp. CRH plc Arthur J Gallagher & Co. Howmet Aerospace Inc. Royal Caribbean Cruises Ltd. Motorola Solutions Inc.	**Top 10 Holdings:** NRG Energy Inc. Insmed Inc. SoFi Technologies Inc. Comfort Systems USA Inc. EMCOR Group Inc. Atmos Energy Corp. Astera Labs Inc. Pure Storage Inc. Class A PTC Inc. Williams-Sonoma Inc.

As of 11/5/25. These examples are for illustrative and discussion purposes only and may not be relied on in any manner as tax or investment advice or as a recommendation. Past performance is not a guarantee of future results.

Other Asset Classes

- Real Estate
  - Commercial, Residential, Industrial
- Cryptocurrency
  - Bitcoin, Ethereum, Tether
- Commodities
  - Oil, Silver, Gold

Types of Investment Risk

STOCKS

- General Market Risk
- Specific Business Risk
- Liquidity Risk
- Concentration Risk
- Foreign Investment Risk

BONDS

- Interest Rate Risk
- Credit Risk
- Liquidity Risk
- Reinvestment Risk
- Foreign Investment Risk

Investing Collectively

Why use Mutual Funds and Exchange Traded Funds?

- Easy way to invest in a variety of stocks and bonds -- DIVERSIFY
- Can begin investing with relatively small amounts

Investing Collectively

Mutual Fund

- Collection of Individual Investments, i.e. Stocks, Bonds
- Has Investment Manager/Team That Selects Investments
- Pays Dividends and Capital Gains Distributions
- Price Determined at the End of Each Day
- Varied Internal Expense Ratios (cost)

Exchange Traded Fund

- Collection of Individual Investments, i.e. Stocks, Bonds
- Usually Has a Passive Strategy or Filter(s) for Investment Selection Criteria
- Usually Pays Dividends Only
- Trades Intraday on the Exchanges
- Generally Lower Internal Expense Ratios (cost)

Investing First Steps

A B C

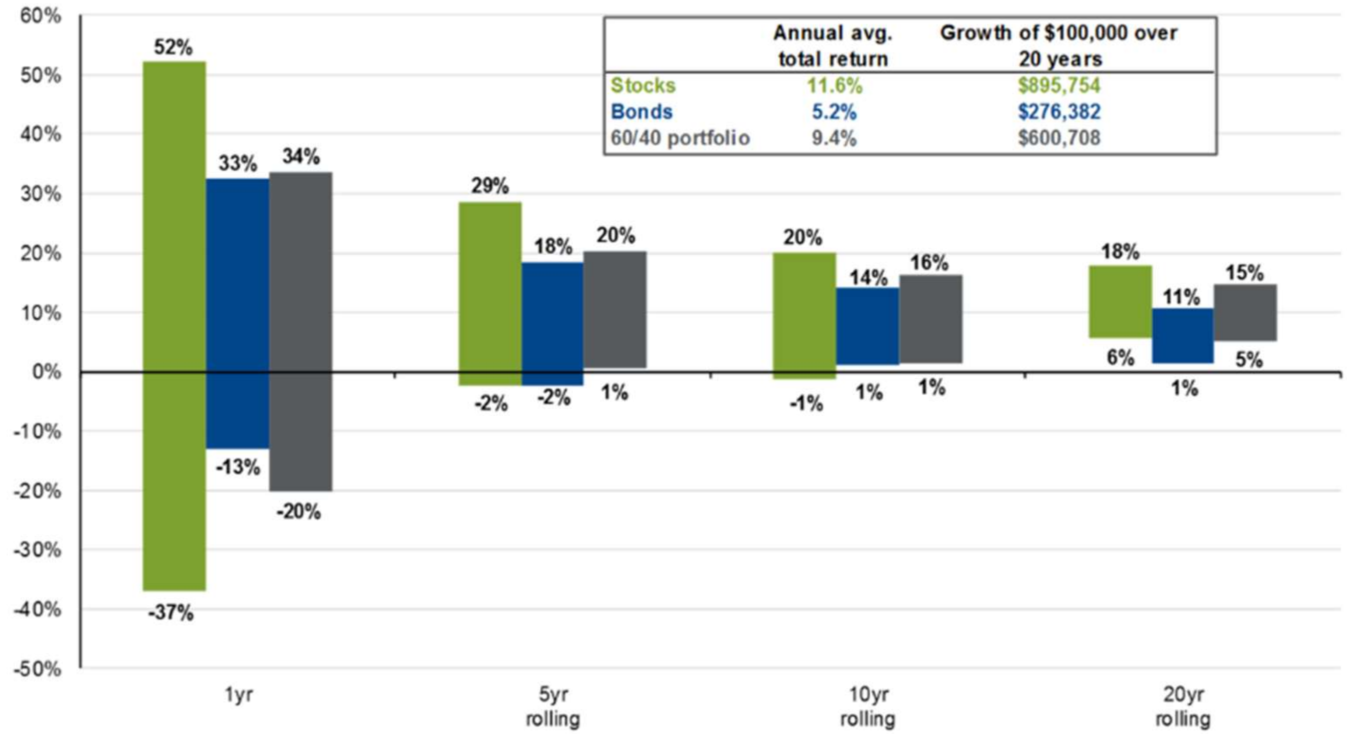
First Steps- A

- Get Educated
- Have a Plan
- Think Long-Term
- Understand Risk and Your Time Frame

Risk and Your Time Frame

Time, diversification and the volatility of returns

Range of stock, bond and blended total returns
Annual total returns, 1950 - 2024



	Annual avg. total return	Growth of $100,000 over 20 years
Stocks	11.6%	$895,754
Bonds	5.2%	$276,382
60/40 portfolio	9.4%	$600,708

Source: Bloomberg, FactSet, Federal Reserve, Standard & Poor's, Strategas/Ibbotson, J.P. Morgan Asset Management.

Returns shown are based on calendar year returns from 1950 to 2024. Stocks: S&P 500; Bonds: Strategas/Ibbotson for periods prior to 1976 and the Bloomberg U.S. Aggregate thereafter. Growth of $100,000 is based on annual average total returns from 1950 to 2024.

Guide to the Markets – U.S. Data are as of September 30, 2025.

J.P.Morgan
ASSET MANAGEMENT

First Steps- B

- Determine Your Allocation

Extensive research has shown that, if you have a diversified portfolio, an incredible 88% of your experience (the volatility you encounter and the returns you earn) can be traced back to your asset allocation.*

- Choose Your Assets
- Diversify

* Source: Vanguard, The Global Case for Strategic Asset Allocation (Wallick et al., 2012).

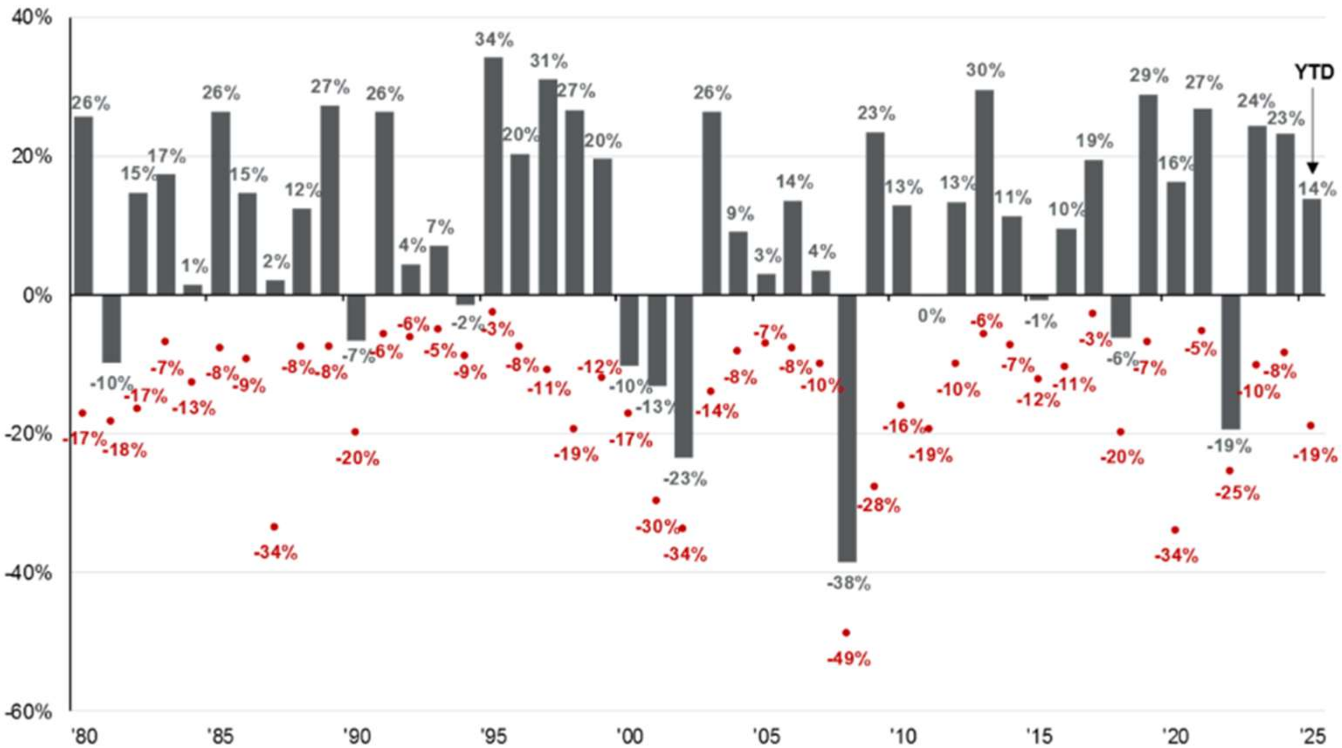
First Steps- C

- Don’t Try to Beat the Market
- Plan to Achieve Your Goals with Market Returns
- Expect and Embrace Volatility
- Minimize Fees when Possible

Expect Volatility

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2024, over which the average annual return was 10.6%. Past performance is no guarantee of future results.

Guide to the Markets – U.S. Data are as of September 30, 2025.

J.P.Morgan
ASSET MANAGEMENT

What Types of Accounts to Use

- For Children's College:
  - 529 Plan
  - Custodial account (ie. UTMA, UGMA)
  - Roth IRA – Your Own, must have wages

    ($7,000/year for 18 years = $126,000)

- For Retirement:
  - Company Sponsored Retirement Plans (i.e. 401(k), 403(b))
  - Traditional IRA
  - Roth IRA
  - Taxable Account

Tips for Your Company Sponsored Retirement Plan

For many employees, it’s their first and most powerful investment

- Contribute at least enough to get any company matching contributions
- Increase your contribution every year with raises
- Take advantage of the company provided financial adviser and any financial tools

Company Sponsored Retirement Plans

- Choose your funds from the roster
  - Retirement Year Funds are already allocated for your age. They are on a glide path to become more conservative as you approach retirement.
  - OR Lifecycle Funds (Conservative, Moderate, Aggressive).
  - OR choose both stock and bond funds in the right mix for your time horizon.

Company Sponsored Retirement Plans

- Rebalance
- Limit Company Stock
- No loans or withdrawals unless absolutely necessary
- Don’t abandon your 401k when you change employment
  - Rollover to an IRA or into your new company plan

Where to Open Accounts

Open Traditional IRAs, Roth IRAs and taxable accounts at an investment management company like:

- Vanguard
- Fidelity Investments
- Schwab
- E-Trade

Financial Apps

Apps

- PayPal, Venmo, CashApp
  - Send money to friends, family, and some businesses
  - Connect with bank account
- Quicken, YNAB, EveryDollar
  - Budgeting and monitoring accounts
  - Track spending and wealth

This is a partial list of available apps. This list should not be construed as a recommendation or endorsement.

Financial Apps (cont.)

Apps

- Credit Karma
  - Monitor credit score
  - Tips to improve credit score

- Your bank
  - Check for an app from your bank or credit union
  - Quick access to your account balance, transactions, ability to “lock” your bank debit card, and more

This is a partial list of available apps. This list should not be construed as a recommendation or endorsement.

Financial Resources

Resources

- Investopedia.com
- NerdWallet.com
- MarketWatch.com
- ThePennyHoarder.com
- Rodgers-Associates.com

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