

Financial Capability Events

BASICS OF INVESTING

Presented by:
Missy Bablick
Joan Sprain



An EEO/AA employer, University of Wisconsin-Extension provides equal opportunities in employment and programming, including Title IX and ADA requirements.

What is Speculation?

- A. The same as an investment
- B. Purchasing assets, equity or debt because of an assumed value
- C. Saving money with the assumption it will gain interest

What is Speculation?

B. Purchasing assets, equity or debt because of an assumed value

Ex: Gold coins, baseball cards, gems

What is a 401 (K)?

- A. A race youth run to prepare for a marathon
- B. A retirement account you set up with a bank
- C. An employer offered retirement account

What is a 401 (K)?

C. An employer offered retirement account

Be sure to check employer match (Usually 1-3 %)

Estimate the amount you want to contribute depending on the tax benefits

Vesting Period

What helps your investments to grow?

- A. Interest
- B. The bank
- C. The government

What helps your investments to grow?

A. Interest

Invested money today is worth more tomorrow because of interest

What is Stock?

- A. A low risk mutual fund
- B. An ownership share in a corporation
- C. The value of your assets in monetary form

What is Stock?

B. An ownership share in a corporation

Each of these shares denotes a part ownership for a shareowner, stockholder, or shareholder, of that company

What is a mutual fund?

- A. *A high risk investment*
- B. *A short term investment where you purchase stock in one company*
- C. *an investment program that trades in diversified holdings*

What is a mutual fund?

C. an investment program that trades in diversified holdings

Why is diversification important in investing?

- A. So you have your money in lots of places
- B. Diversification allows for a higher return
- C. Helps to manage risk

Why is diversification important in investing?

C. Helps to manage risk

Diversification involves the mixing of investments within a portfolio and is used to manage risk

What is **not** a benefit of a mutual fund?

- A. Instant Diversification
- B. Higher risk so you get a high return
- C. Ability to get in and out with relative ease

What is **not** a benefit of a mutual fund?

B. Higher risk so you get a high return

Most mutual funds are not high risk. They mix high risk and low risk so you have a good mix

What is the **Not** a good reason to invest?

- A. Retirement
- B. Money for future large purchases
- C. A down payment for a house you are buying right now

What is the **Not** a good reason to invest?

C. A down payment for a house you are buying right now

Investments are usually long term. If you have money you need for something specific in the near future it is not a good idea to invest it

What is a Certificate of Deposit (CD)?

- A. A savings account
- B. A risk free investment
- C. A low risk opportunity to save your money

What is a Certificate of Deposit (CD)?

B. A risk free investment

CD has a specific, fixed term as well as a specific fixed interest rate and is insured

Which of the following would you most likely gain the highest return on?

- A. A stock
- B. A CD
- C. A bond

Which of the following would you most likely gain the highest return on?

A. Stock

Stocks are generally higher risk than a CD or a bond

Add up your points!

