Fidelity Investments "Let it Grow" Investment Patch
Ambassador Requirements

Investing in Retirement

"As in all successful ventures, the foundation of a good retirement is planning."
– Earl Nightingale, American radio speaker and author

To live all your dreams, you must plan carefully for the future. During your working years, you can plan and invest for life beyond your career.

Steps

1. Learn more about bonds and how they are used in investing
2. Research stocks and investing strategies using equities
3. Understand the risks of investing
4. Explore how funds invest and their long-term returns
5. Explore options for investing for your long-term future

Purpose

When I've earned this patch, I will know more about what my options are for financing my long-term goals.

Step 1: Learn more about bonds and how they are used in investing

Bonds are a form of borrowing. Governments and corporations borrow money by issuing bonds. If you buy a bond, you are lending your money to that government agency or corporation. In exchange, they promise to pay you back, plus interest – a little extra. Bonds can be traded in secondary markets after they are first issued so their price and the interest they earn can be different from the original price. Secondary markets are places where bonds and other investments can be bought, sold, or traded after they were originally offered for purchase.

Choose one:

- **Research different kinds of bonds.** Find out what different kinds of bonds are available for investors to purchase. Make a chart of the options and their advantages.
- **Track a bond.** The value of a bond may change over time. Select a specific period in history and see when a government or corporation issued a bond during that time. Look to see how the bond performed over time.
- **View the rate of return of a bond.** Bonds gain interest for their holders as the bond "matures," or comes to the end of the agreement to be paid back and interest payments stop. Pick three bonds that have been issued in the last few years and examine how much interest their bond holders have gained on them.

Step 2: Research stocks and investing strategies using equities

Purchasing shares of stock is buying ownership in a corporation and is often called "equities." Some companies pay stock owners dividends (which are payments of profits) and some do not. Stocks can appreciate (increase in value) or depreciate (decrease in value) based on how the company is performing as they are traded on the stock market.

Choose one:

- **Track your favorite industry's stock.** Comparing corporations to their competitors is a good way to understand how they are performing. Look at the stock prices for five companies in your favorite type of business. Track their stock prices every day for a week and compare the results. Which company seems like the best investment?
- **Review an annual report.** Corporations that are publicly traded are required to report their earnings and financial health to their stock shareholders. Do some searching to find your favorite company's annual report to shareholders. What does the report say about the company's financial status and future?
- **Get an update on the market.** Many financial advisors and experts share information on investing strategies based on what is happening in the stock market every day. Read some of the latest news and investing tips on a reputable financial news source.

Step 3: Understand the risks of investing

Because there is no guarantee that investments in stocks or bonds will yield returns (make money), there is some risk to investing in them. In a short term, you might receive large return, a small return, or lose money. However, if you invest over time, you may be able to achieve returns that are close to the historical average of around 10 percent returns – in other words, make about 10 percent profit on your investment.

Choose one:

- **Research how the market has performed over time**. The United States and international markets go through ups and downs. Look into the history of the markets and investing in general. Share what you've learned in a presentation or art work.
- **Take a quiz about your financial risk tolerance.** Every investor has a different level of tolerance for how much money she is willing to lose in exchange for how much money she might gain. Visit Fidelity Investment's website to take a free risk tolerance quiz to see what your investment risk tolerance level is.
- **Calculate possible returns.** While no one can predict how investments will perform, you can make educated guesses. Choose three investment options and calculate possible investment returns considering if the market performs well, average, and not well. Create a chart for each scenario.

Step 4: Explore how funds invest and their long-term returns

If you put your money into a pool with other investors, and a professional takes that money to invest in what they think are the best opportunities, you are investing in a bond or stock "fund."

Choose one:

- **Investigate mutual funds.** Mutual funds are an investment option for individual investors to pool their investments into shared assets. Check out what short-term and long-term options exist, how they are managed, what fees might exist, and what potential returns might be. Create a list of the potential benefits and risks of mutual funds.

- **Research index funds.** Index funds are investment options that allow investors to invest in a set group of funds, called an index. Learn how these funds operate and what the costs and potential returns might be. Share this information with family or friends.
- **Interview a financial advisor.** A financial advisor can give investors advice about their financial goals and help them invest. Interview a financial advisor to discuss how funds work as part of a long-term investment strategy.

Step 5: Explore options for investing for your long-term future

Choosing the right investing strategy for your long-term future may involve several different kinds of investments. Knowing your options will help you use your resources wisely and make smart decisions.

Choose one:

- **Learn about employer-sponsored 401k or 403b savings plans.** As part of their benefits package to employees, many employers will offer a 401k retirement savings plan (or 403b for non-profit employees) and some will contribute extra money to them. These plans can save employees money through tax benefits and can help them plan for retirement. Do some research to see how employer retirement plans work and how you can benefit from them as an employee.
- **Research Individual Retirement Accounts (IRAs).** As an individual, you can contribute to an Individual Retirement Account, up to a certain amount each year. Research the different kinds and benefits of these types of accounts and how they use your investments to save for your long-term future.
- **Examine how to allocate assets in your investment portfolio.** Having a diversified portfolio of investments, or one with many different kinds of investments, can help you balance risk and increase your returns. Visit the Asset Allocator (https://www.ipers.org/members/estimate-your-benefits/asset-allocation-calculator) to see ways an investment portfolio should be allocated for different people’s situations.