



# FINANCIAL LITERACY 101

*Workshop #5 – Investing 101*

# WORKBOOK

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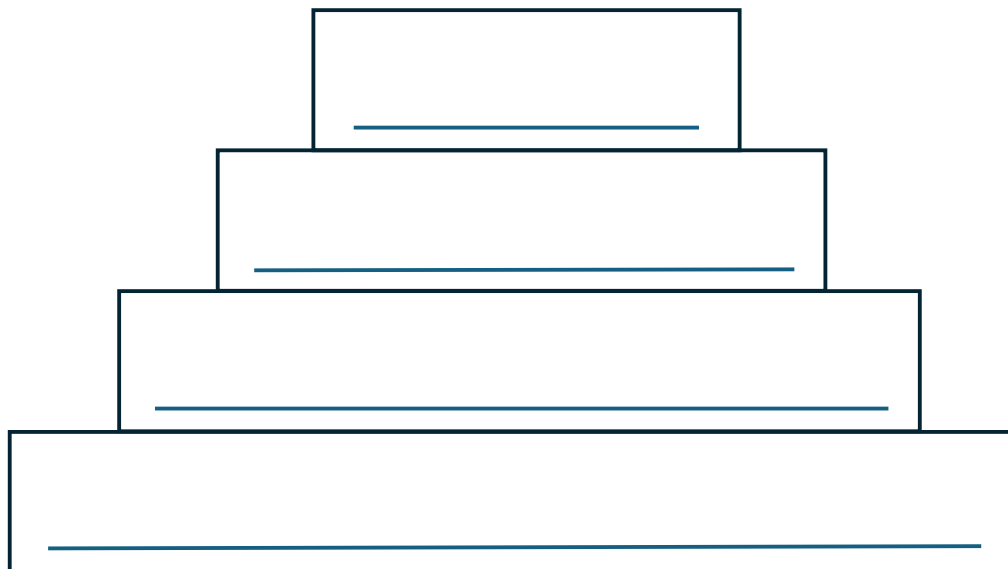
*The information in this workshop should not be interpreted as accounting, investment, legal, or tax advice. It is not an offer to sell or a solicitation to buy any security, insurance or any other financial product. This workshop is for educational purposes only. You will not learn everything during the course of this workshop, however we hope you gain more confidence, and take action toward reaching your goals.*

# INVESTING 101

*What you will learn:*

- Your Emergency Fund
- 3 Phases of Wealth
- The Cost of Waiting
- Dollar Cost Averaging
- Risk Profile & Suitability

## COMPLETE THE FINANCIAL FOUNDATION

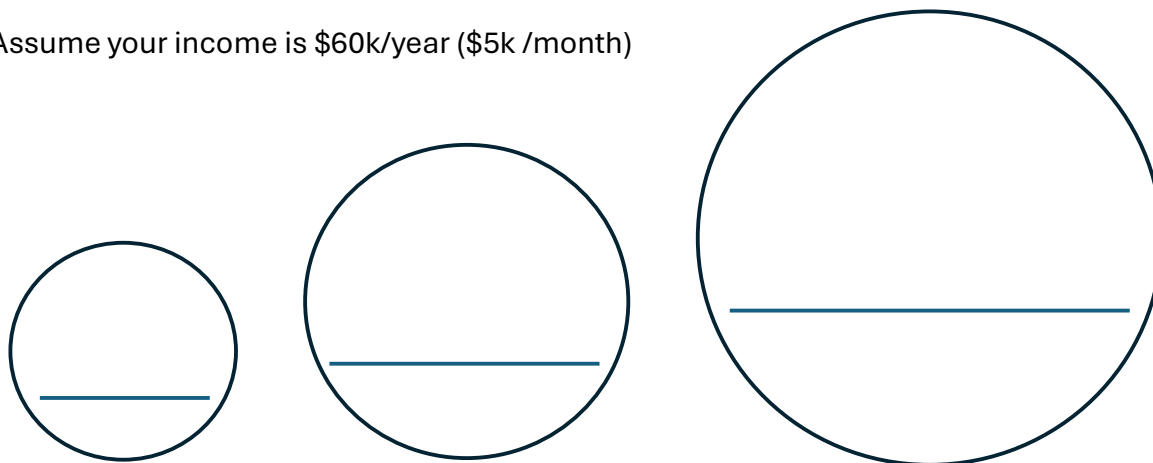


# EMERGENCY FUND BUILD-UP

A basic rule of thumb for determining how much you should set aside is at least 3 to 6 months of your total income.

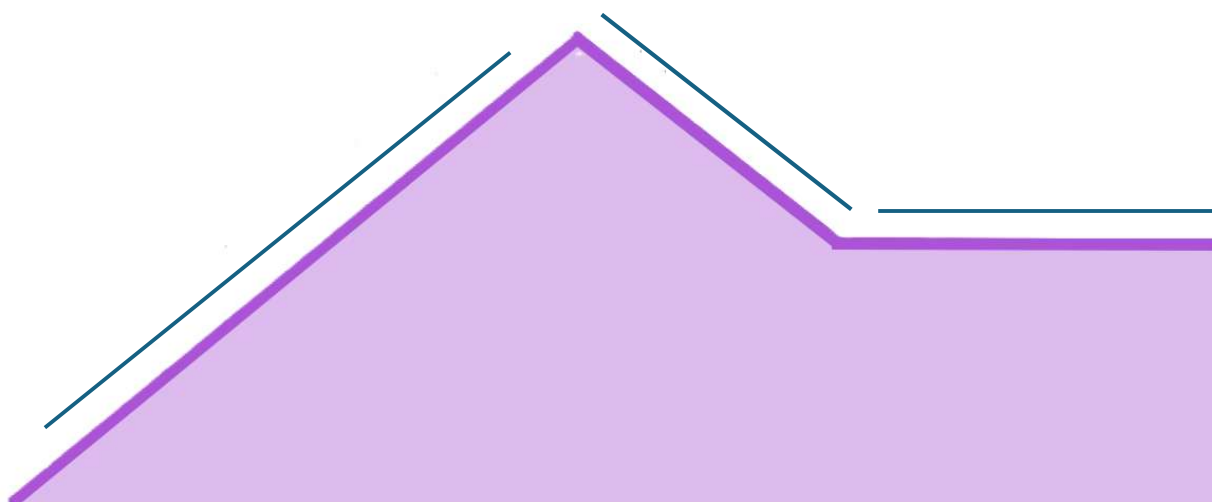
- Step 1 – Start by saving \$1,000
- Step 2 – Increase to 3x monthly income
- Step 3 – Increase to 6x monthly income

**EXAMPLE:** Assume your income is \$60k/year (\$5k /month)



## 3 PHASES OF WEALTH

The life cycle of building wealth can be simply understood in 3 phases:

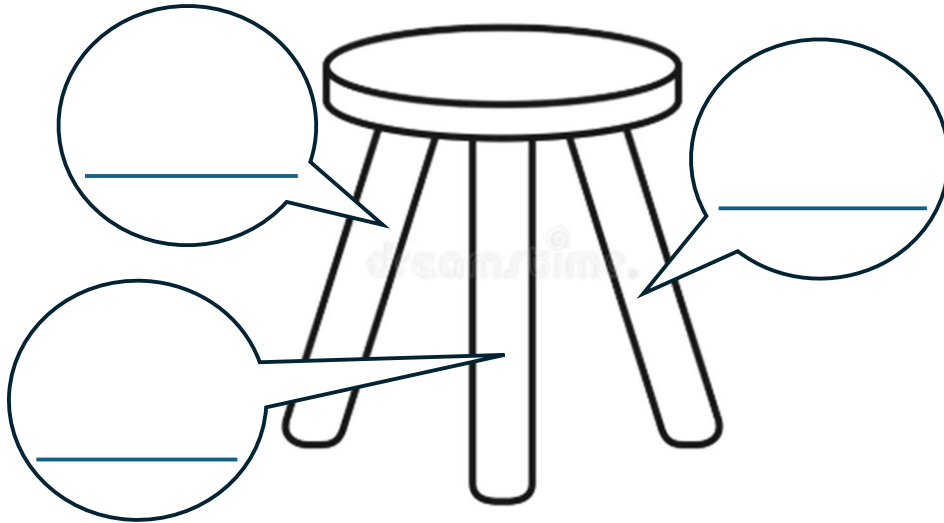


***Most people will live longer.***

Based on the average America life expectancy, a person aged 65 can expect to live until about 85 years old\*

<https://www.ssa.gov/planners/lifeexpectancy.html>

## **SHIFT IN RESPONSIBILITY**



*Rank what YOU would depend on for retirement from most to least.*

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

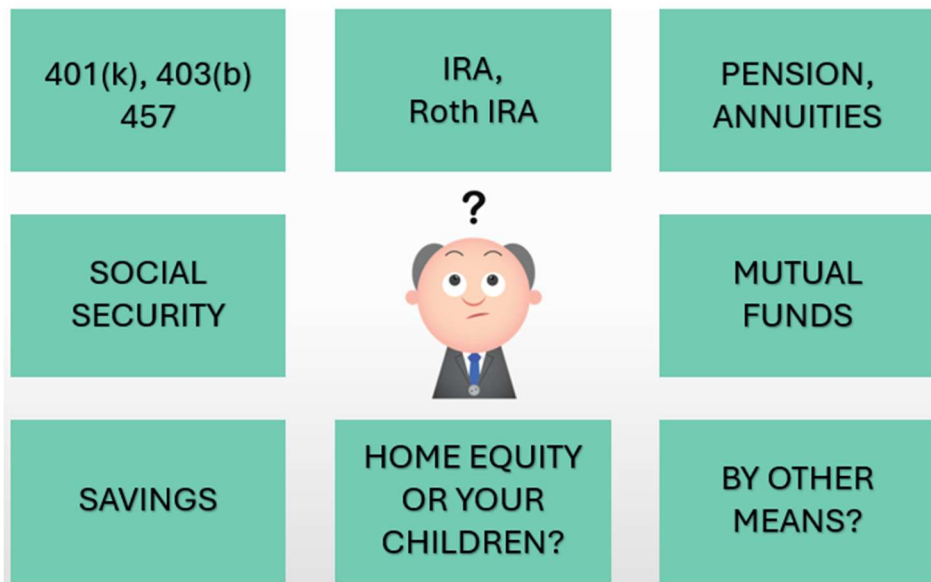
# CAN YOU AFFORD TO WAIT?

**Need \$1 million at age 65?**

Here's what you'll need to save per month based on an 8% rate of return:

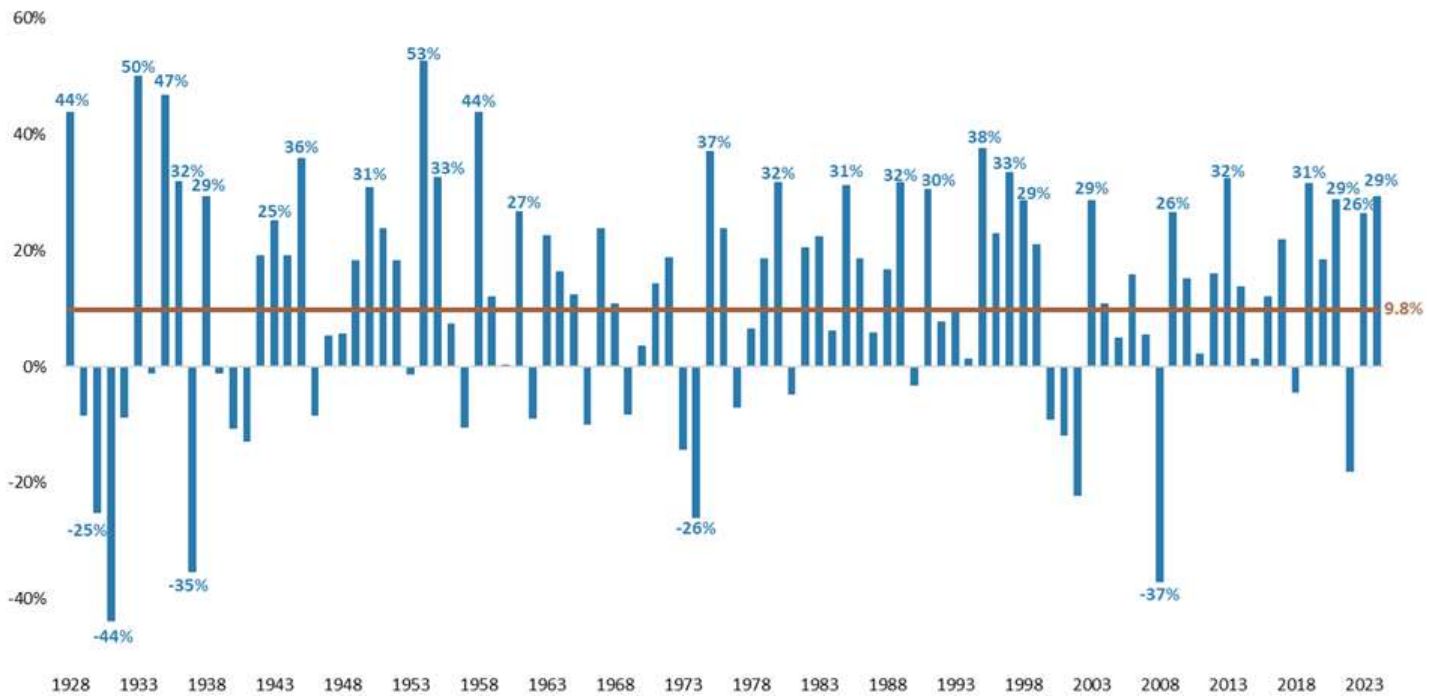


## SAVING FOR RETIREMENT



***What do you have? How much do you know about it?***

# CAN YOU HANDLE THE LOSS?



***What percentage gain is required to get back to even?***

Potential Portfolio Investment Loss	Gain Required to Get Back to Even
-10%	_____ %
-20%	_____ %
-30%	_____ %
-40%	_____ %
-50%	_____ %
-60%	_____ %

# DOLLAR COST AVERAGING

Alex's mom loves him so much, she invests \$100 for him every month. Assuming she uses the Dollar Cost Averaging strategy, fill out the chart below to determine the number of units acquired per month, the total number of units accumulated, and the total values after 5 months of investing.



CONTRIBUTION	UNITS ACQUIRED
Month 1 \$100	_____
Month 2 \$100	_____
Month 3 \$100	_____
Month 4 \$100	_____
Month 5 \$100	_____
<b>TOTAL</b> <b>\$500</b>	_____

**Results of Dollar Cost Averaging:** \_\_\_\_\_ units @ \$10/unit = \$ \_\_\_\_\_

What if she had used all \$500 in the first month (Lump Sum approach)?

Month 1: \$500 @ \$20/unit = 25 units. >>>> Month 5: 25 units @ \$10/unit = \$ \_\_\_\_\_