



Harvard
FEDERAL CREDIT UNION

Investing 101

Today's Webinar

Reducing Background Noise

We've muted all attendees to help with audio quality.

Using the "Q&A" Feature

Submit questions at any point. Let's test it!

Presentation & Recording

This presentation is being recorded and will be posted on our YouTube channel to re-watch.

Post-Workshop Survey

Take our post-workshop survey and let us know how we did.

Meet Your Hosts



Ty Robinson, CCUFC
Community Engagement
Specialist



Jen Fries, CCUFC
Community Engagement
Manager



Terrence Bazile, CCUFC
Community Engagement
Specialist

Not-For-Profit Banking at Harvard FCU



Community Focused

Harvard FCU is dedicated to empowering our community at Harvard and beyond. Once a member, always a member, even if you leave your job. When you join membership extends to all family members.



Products & Services

Free access to ATMs nationwide. Credit cards with cash back rewards. Home loans for purchases and refinancing, student loans and refinancing options, auto loans and more.



Access Anywhere

Convenient locations and Online Banking. Mobile Banking and Digital Wallet ready. Access to the nationwide CO-OP Shared Branching Network.

Meet the Presenter

Shahar Ziv

VP & GM, Harvard FCU Member,
Personal Finance/Financial Well
Being Educator | FinTech, Payments,
Financial Wellness | Keynote Speaker

 shahar@acingyourfinances.com

 [@ziv_shahar](https://twitter.com/ziv_shahar)



WHY SHOULD YOU LISTEN TO ME?

Experience

- I've Worked With...
- **Harvard:** Co-founder and 14-Year Instructor of Personal Financial Management Program
 - **Columbia:** Lead workshops for Master's and PhD students at Graduate School of Arts & Sciences + Journalism School
 - **Wharton:** Teach programs for rising freshmen and sophomores from underrepresented groups
 - **NYU:** Offer tax workshop for graduate students
 - **Johns Hopkins and UChicago:** Workshops for all years
 - **Employers:** Skadden, Mt. Sinai Hospital; DoorDash

Expertise

- **Forbes:** Personal Finance Contributing Writer
- **Consortium on Financing Higher Ed** – Keynote Presenter
- **U.S. Conference of Mayors:** Guest speaker

Objectivity

- **Unaffiliated** and **unbiased**
- **No conflicts of interest**
- **Do not market, sell, or receive compensation** from other products or services

I'VE WORKED WITH



MY BACKGROUND



SETTING EXPECTATIONS



FACTS

INSIGHTS

STRATEGIES

THE SECRET TO INVESTING...

INVEST EVERYTHING IN

GameStop[®]



THE SECRET TO INVESTING...

INVEST EVERYTHING IN



THE SECRET TO INVESTING...

BE AVERAGE

THE BET

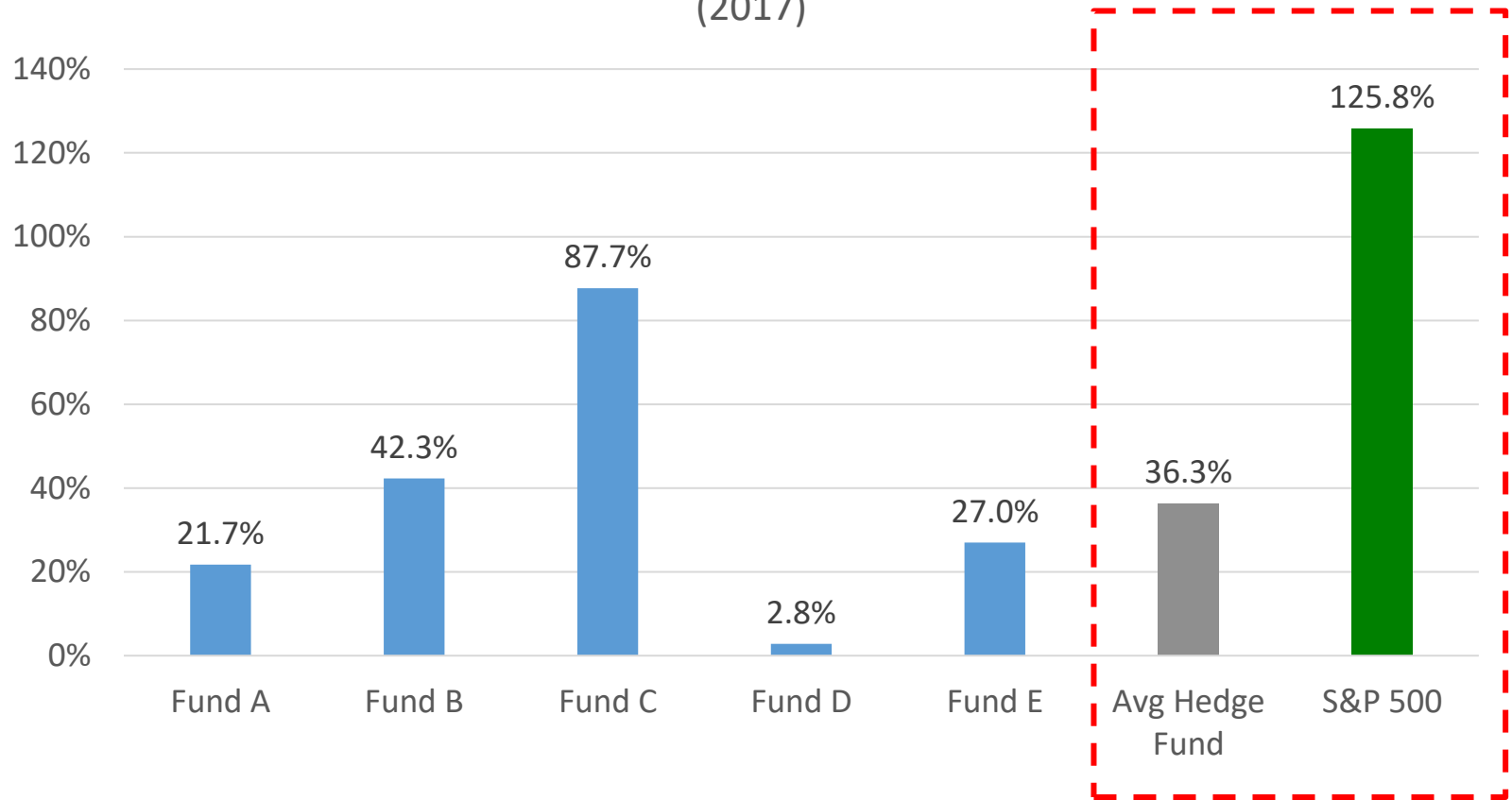


\$1,000,000



THE RESULTS

Warren Buffet/Protégé Partners Bet Total Returns, Final Results
(2017)



WHY INVESTING IS CRITICAL

0.09%

Average Savings
Interest Rate
(0.01% - 2.0%)

1.81%

2019 Inflation Rate

1.1%

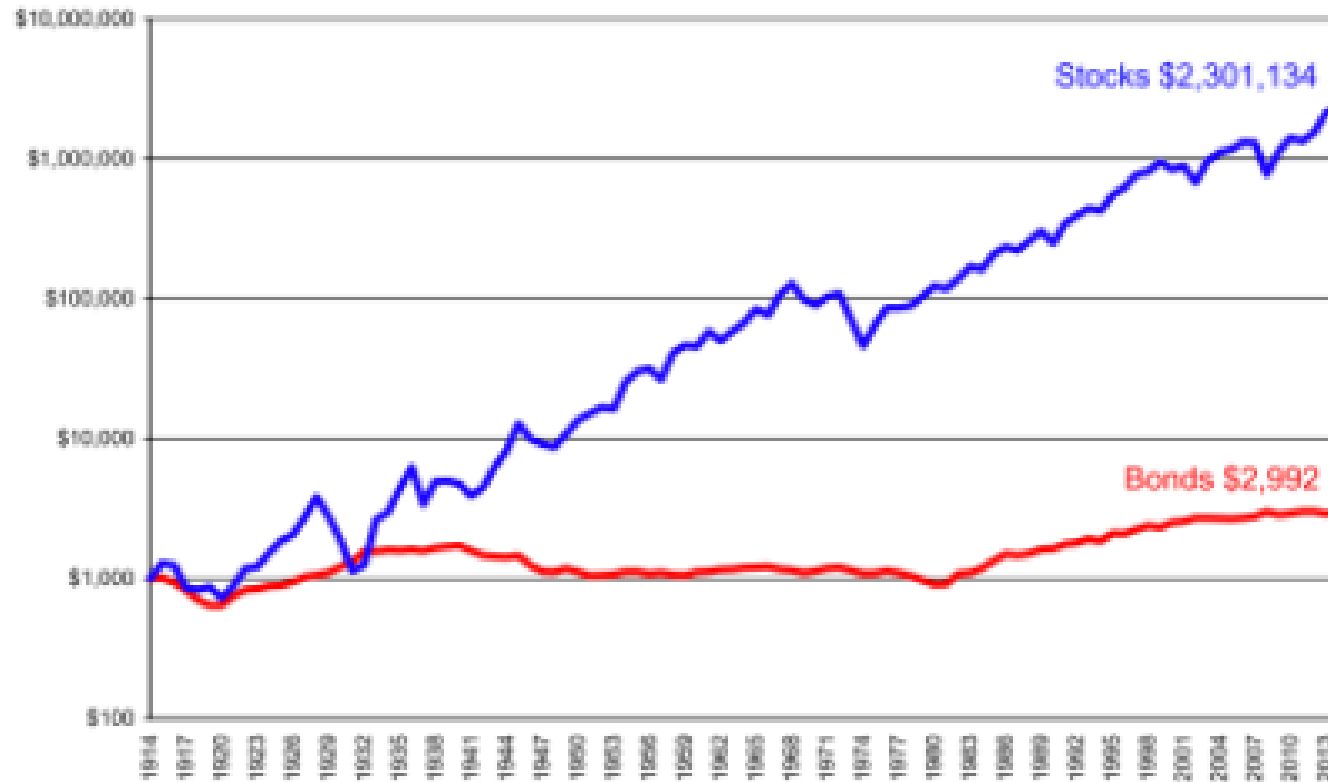
Bonds
(1914 -2014)
(adjusted for
inflation)

8.3%

S&P 500
(1914 -2014)
(adjusted for
inflation)

REAL GROWTH OF STOCKS VS BONDS

Real growth of stocks vs bonds from \$1,000
From 1915 to 2014



Source: Siegel/CRP

A PENNY FOR YOUR THOUGHTS

Day 1



Day 31



TIME VALUE OF MONEY

Day	Start – Day 1	Start – Day 2	Start – Day 10
1	\$0.01	-	
2	\$0.02	\$0.01	
3	\$0.04	\$0.02	
4	\$0.08	\$0.04	
5	\$0.16	\$0.08	
6	\$0.32	\$0.16	
7	\$0.64	\$0.32	
8	\$1.28	\$0.64	
9	\$2.56	\$1.28	
10	\$5.12	\$2.56	\$0.01
15	163.84	\$81.92	\$0.32
20	\$5,242	\$2,621	\$10.24
25	\$167,772	\$83,886	\$327
29	\$2,684,354	\$1,342,177	\$5,242
30	\$5,368,709	\$2,684,354	\$10,485
31	\$10,737,418	\$5,368,709	\$20,971

Key Observations

- Exponential growth because of compounding (“power of compound interest”)
- If you start on Day 1, you end up with 2x more than if you start on Day 2
- The last double matters most, but to get to it, you have to start early
- Delay of 10 years has drastic consequences (need to invest more to “catch-up”)

KEY TAKEAWAY #1

**START SAVING EARLY &
SAVE CONSISTENTLY**



INTRODUCTION TO INVESTING





THEMES

- Saving vs. Investing
- Key Terms
- Time Horizon
- Risk Level
- Alignment with Goals
- Alone or Getting Help?

BEFORE YOU START TO INVEST

- Build up a 3-6 month emergency fund
- Pay off all your high-interest debt (e.g., credit cards)
- Maximize contribution to your retirement plan
(especially if your employer matches)
- Save for other important [short-term] needs (e.g., down payment)

Emergency Fund



Short-Term Goals



Paid In Full



TERMINOLOGY TO KNOW

	DEFINITION	EXAMPLES
CHECKINGS/ SAVINGS ACCOUNT	<ul style="list-style-type: none">• Principal contributions are protected from loss• Guaranteed interest on money you put in	<ul style="list-style-type: none">• Credit Union checking account• Online bank savings account
MONEY MARKET	<ul style="list-style-type: none">• Certificates of Deposit• Short-term government loans	<ul style="list-style-type: none">• 12 month CD
BONDS	<ul style="list-style-type: none">• Loans made to a company or the government. A bond is an IOU from a company/gov't	<ul style="list-style-type: none">• Treasury bond (gov't) or corporate bond
STOCKS (EQUITIES)	<ul style="list-style-type: none">• Ownership in a company• Price appreciation and dividend payments	<ul style="list-style-type: none">• Tesla, Apple, Google
MUTUAL FUNDS	<ul style="list-style-type: none">• Collection of stocks or bonds	<ul style="list-style-type: none">• Vanguard Total Stock Market Index Fund

TRANSLATING RISK INTO SPECIFIC INVESTMENT CHOICES



INVESTMENT RISK: DEFINING TIME HORIZON

- Home Purchase
- Future Education
- Vacation and Travel
- Capital Preservation
- Paying Off Credit Card Debt
- Retirement Savings



SHORT TERM

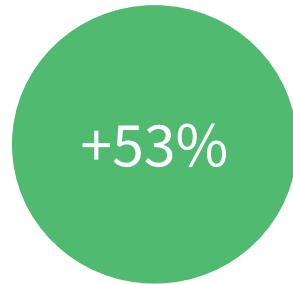
MEDIUM TERM

LONG TERM

EXAMPLES

You invest \$1000 in stocks....

In 1 Year



OR...



EXAMPLES

You invest \$1000 in stocks....

In 25 Years

+11%



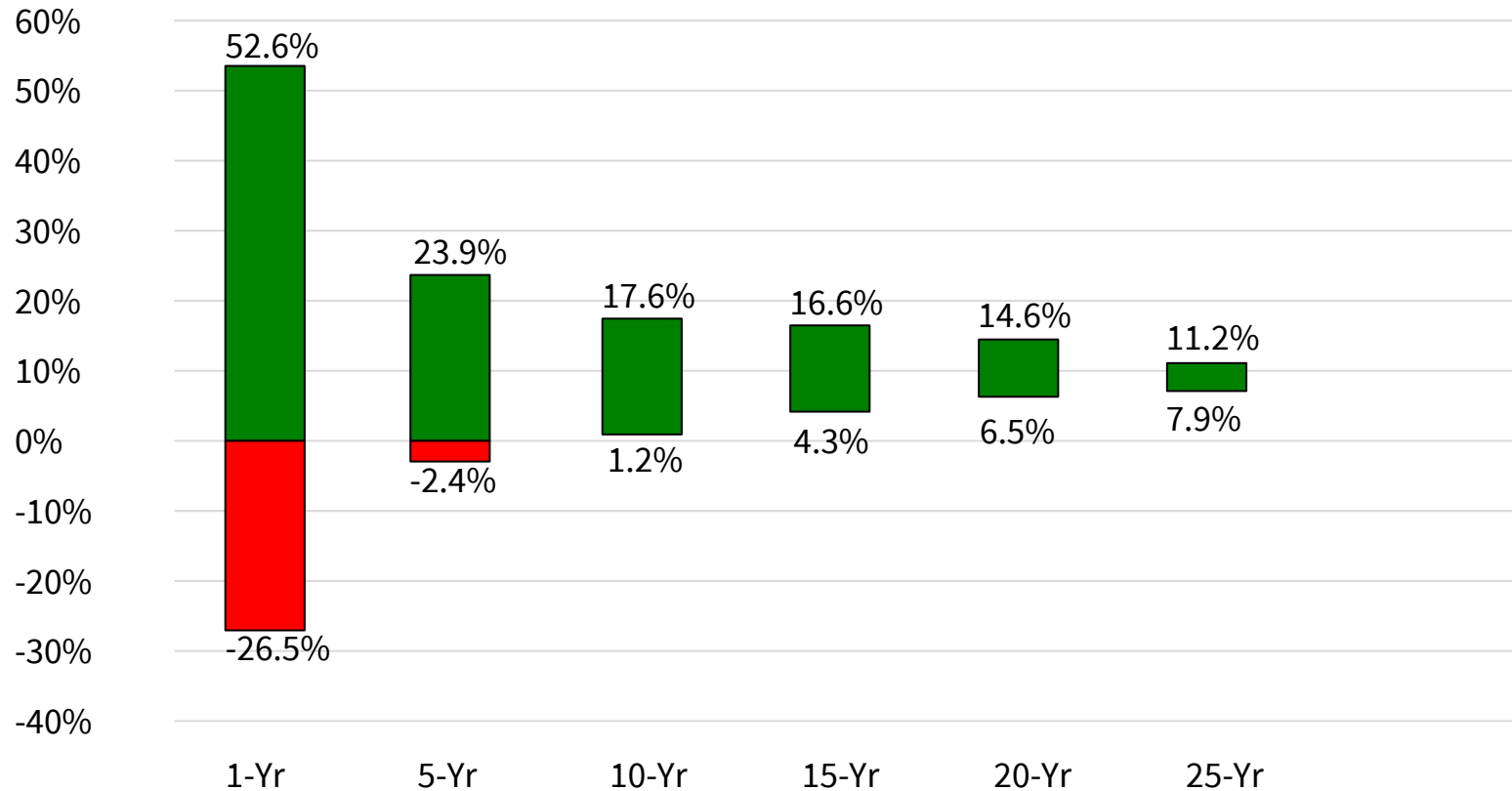
OR...

+8%



IMPLICATIONS

RANGE OF ANNUAL RETURNS ON COMMON STOCKS FOR VARYING TIME PERIODS ('50-'94)



Source: MyMoneyBlog

S&P 500: 1976 - 2023

Price alone

8.4%

annualized

4,338.6%

Cumulative

With dividend reinvestment

11.4%

annualized

16,145.4%

Cumulative

Incorporates 7 bear markets including 2007-2009 crash (market fell 56.8%) and pandemic bear market in early 2022

The Market Has Had a Fabulous Run, but This Peak Doesn't Really Matter

Compound returns that grow as stocks rise over the decades are far more important than the latest high, our columnist says.



By **Jeff Sommer**

Jeff Sommer writes [Strategies](#), a weekly column on markets, finance and the economy.

Jan. 20, 2024

“Staying in the market for decades, and reaping the full rewards of compound returns, including reinvested dividends, is a far surer road to prosperity than trying to time the market’s peaks and valleys.”

“That’s why the amount of time you stay in the market — not whether you buy and sell at opportune moments — is likely to be what really matters.”

WHERE TO OPEN AN ACCOUNT?

BROKERAGE FIRM

ROBO ADVISOR



WHAT TO INVEST IN FOR MEDIUM AND LONG-TERM?

Mutual funds/Exchange Traded Funds (ETF) offer:

- Automatic diversification
- Convenience
 - No need to research individual companies
 - No need to pay for individual trades
- Lower costs

Individual stocks:

- Riskier
- Require more attention
- Tangible (“I own part of Apple”)

My Advice:

- Focus on mutual funds
- If you are inclined, leave a small portion for individual stocks, but treat it as “play money”



WHAT TO LOOK FOR IN A MUTUAL FUND?

BETTER

- **Index funds** (i.e., “average funds”) – these are passive and you don’t have individuals picking individual stocks
- **Low Cost**
- **Direct investment** (avoid the “middle-person”)

SUB-OPTIMAL FOR MOST

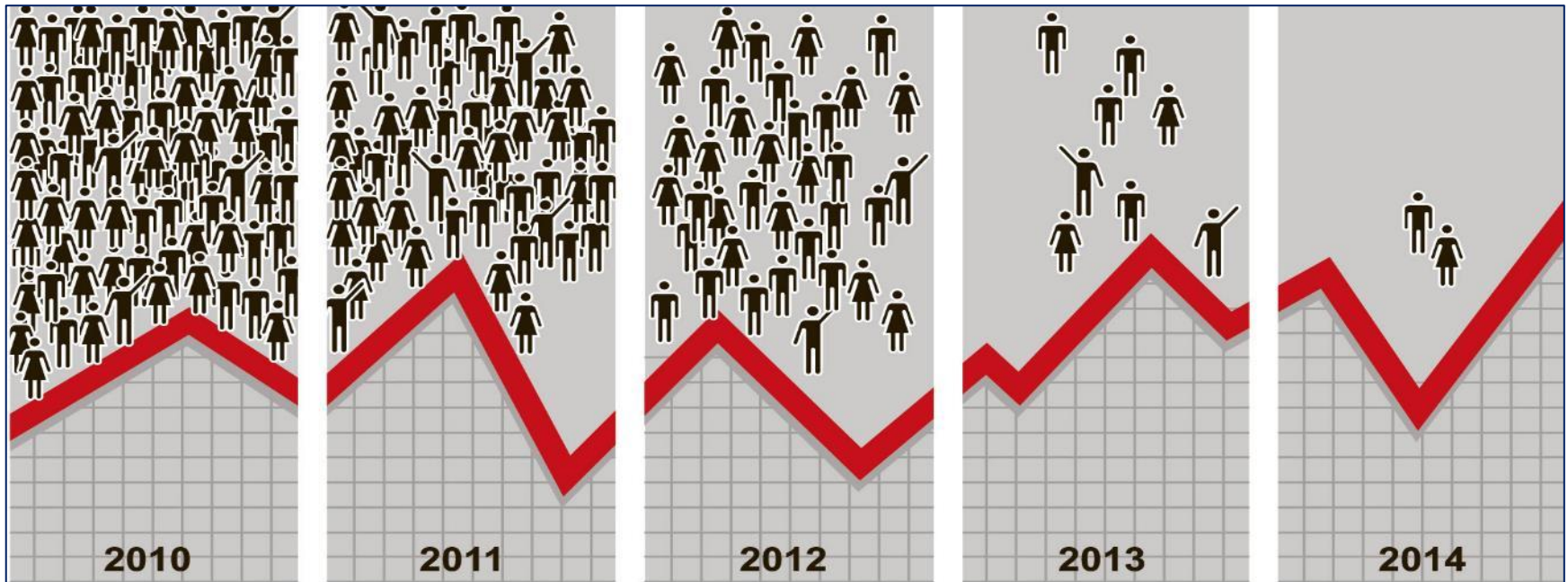
- **Actively Managed Funds**
- **High Cost** (often referred to as an expense ratio)
- **Hidden fees**
- **Lots of different funds**
- In general, annuities

LIKE FLIPPING A COIN



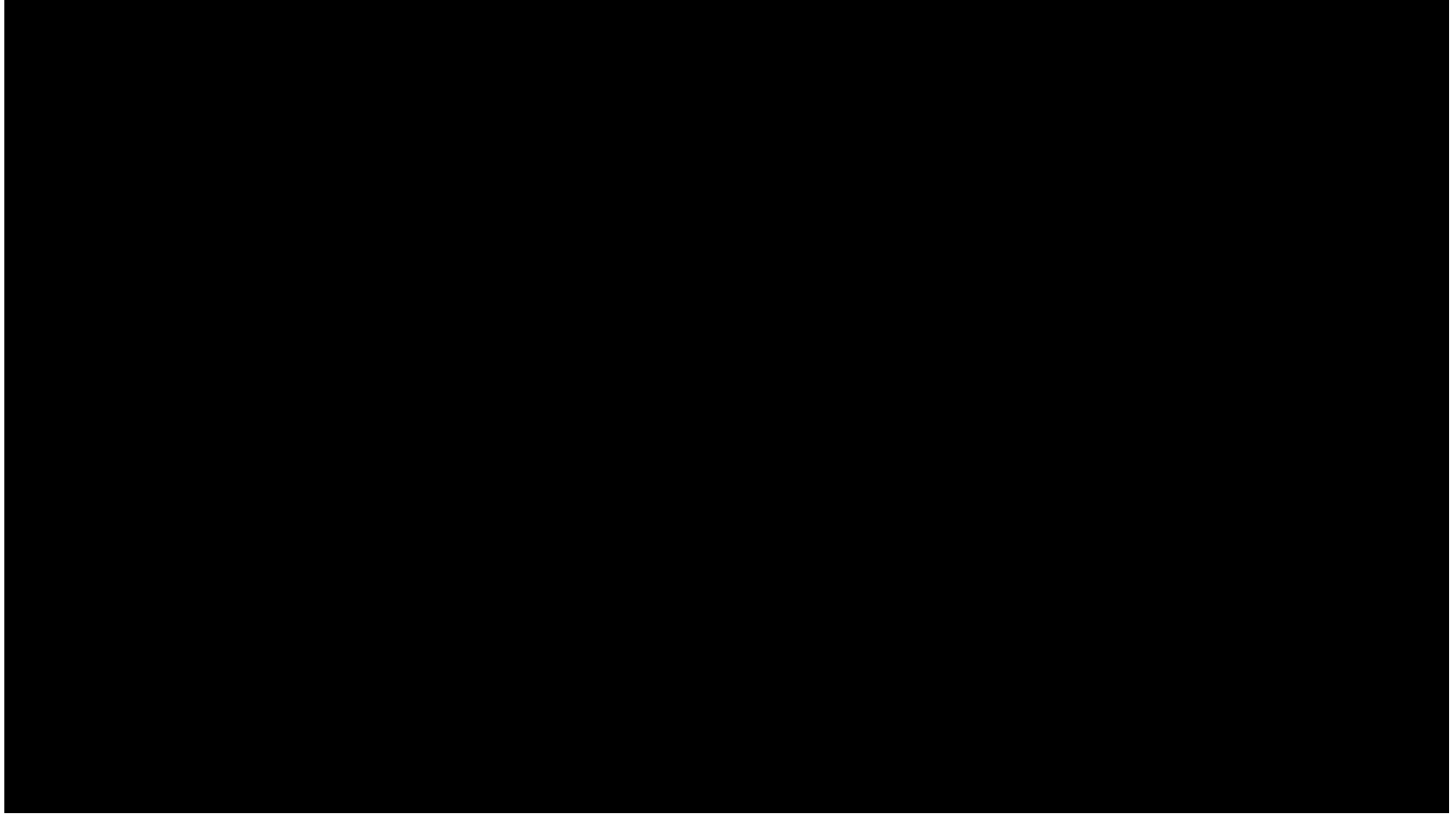
2,862

→ 2



Each time finding the same core truth: Very few funds achieved consistent and persistent outperformance. Furthermore, “the data shows a likelihood for the best-performing funds to become the worst-performing funds and vice versa.”

JOHN OLIVER ON FEES AND ACTIVE FUNDS



Source: <https://www.youtube.com/watch?v=gvZSpET11ZY>
Start: 7:55 – 10:06

WHO BEATS THE MARKET?

% of active stock managers who lagged the market over¹:

1 year	72%
5 years	73%
10 years	90%
20 years	93%
1H 2024	81.8%

1) as of middle 2023; Source: S&P Dow Jones Indices Report



REFRAMED

**% of active stock managers who beat
the market over¹:**

1 year **28%**

5 years **27%**

10 years **10%**

20 years **7%**

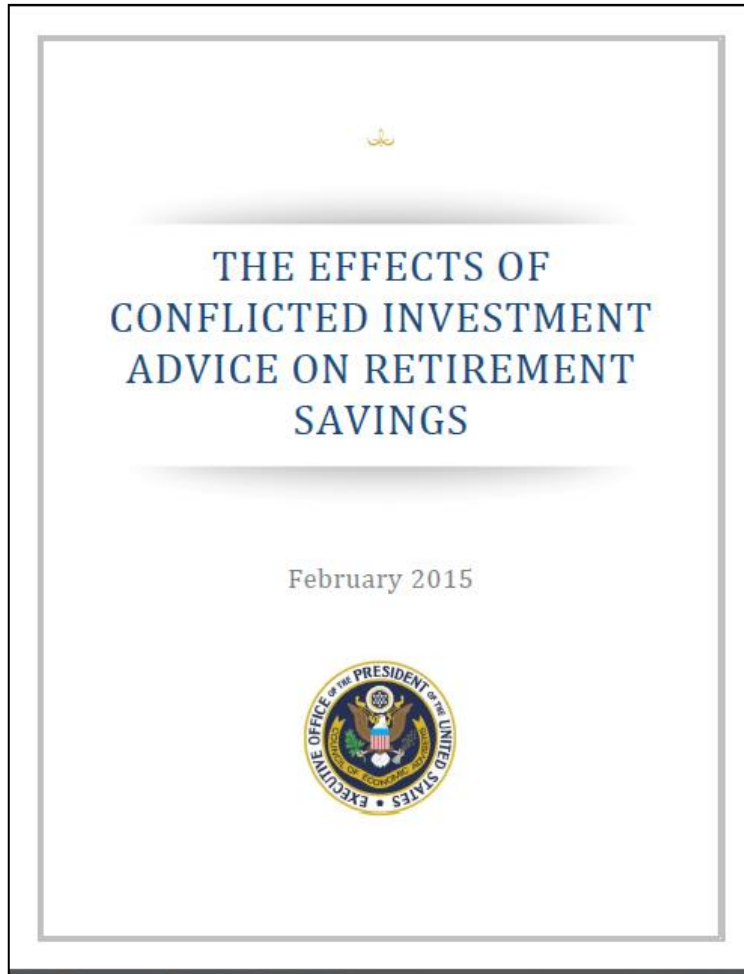
1) as of middle 2023; Source: S&P Dow Jones Indices Report



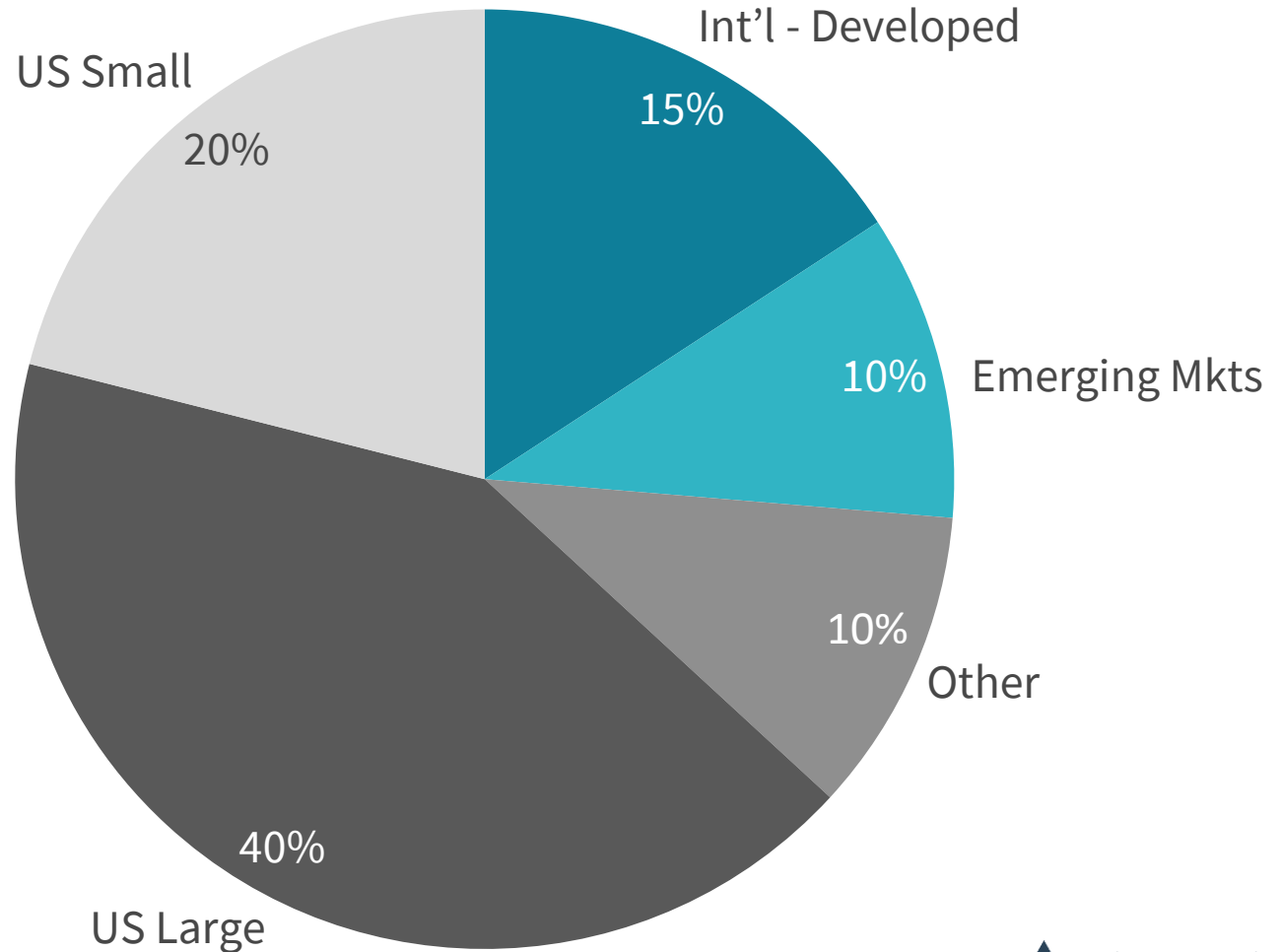
REMEMBER THIS ONE WORD...

FIDUCIARY

THE MARKET FOR FINANCIAL ADVICE

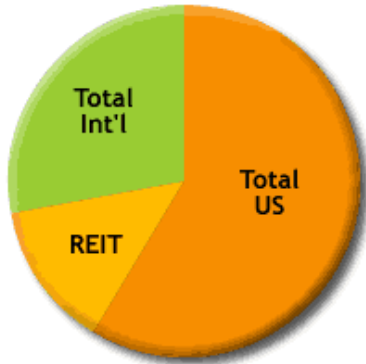


SAMPLE PORTFOLIO

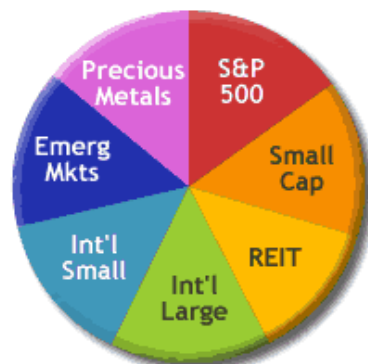


THERE IS NO ONE RIGHT ANSWER

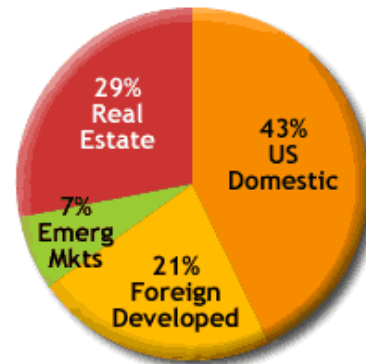
All About Asset Allocation (Book)



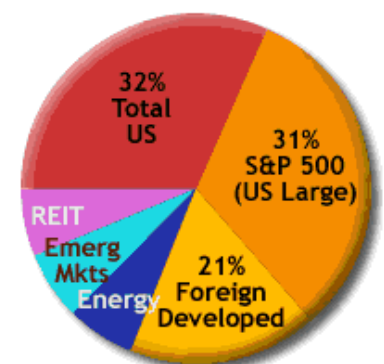
Intelligent Asset Allocator (Book)



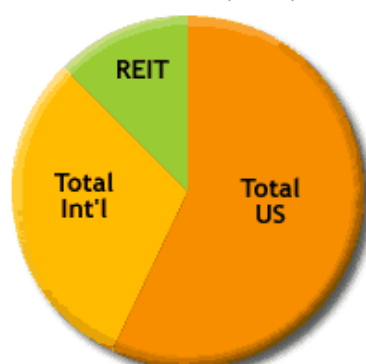
Unconventional Success (Book)



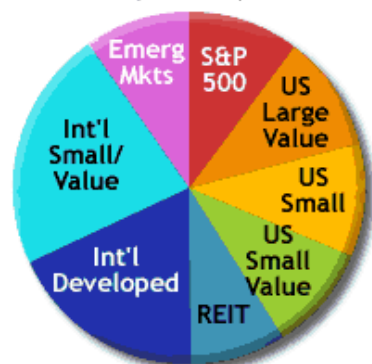
Ben Stein (Forbes Magazine)



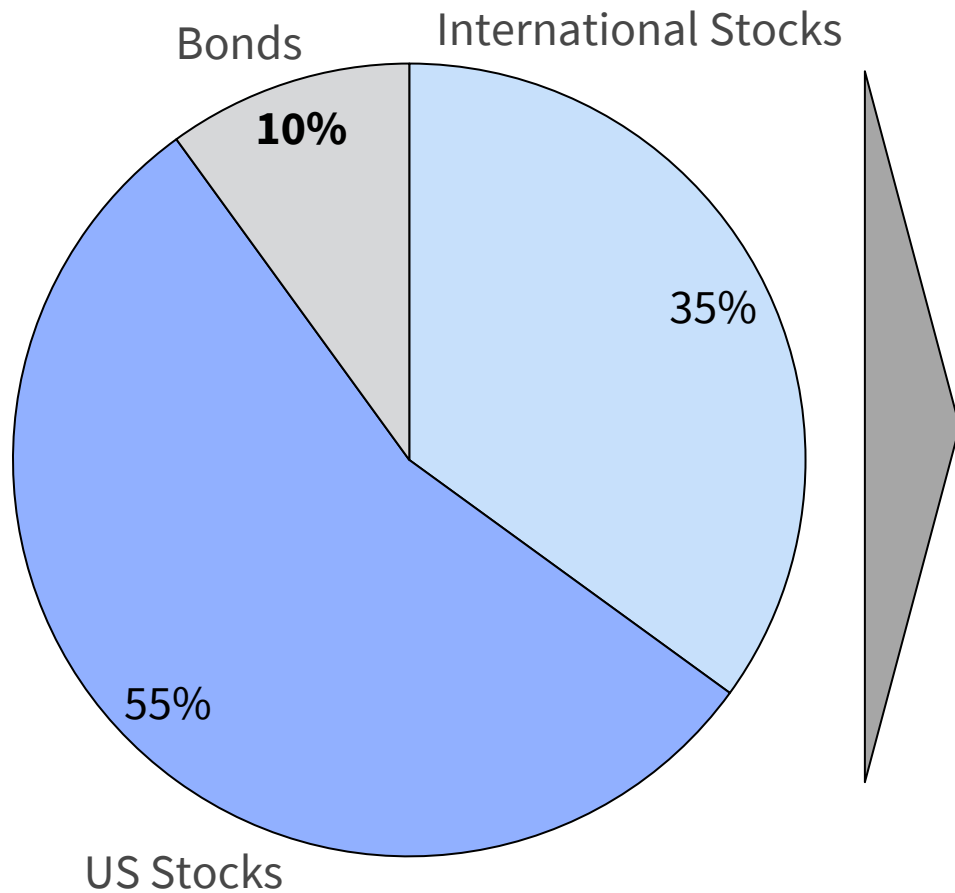
A Random Walk Down Wall Street (Book)



FundAdvice.com (Website)



A 3 FUND PORTFOLIO



Vanguard:

1. Vanguard Total Stock Market Index Fund (VTSAX)
2. Vanguard Total International Stock Index Fund (VTIAX)
3. Vanguard Total Bond Market Fund (VBTLX)

Fidelity:

1. Fidelity Total Market Index Fund (FSKAX)
2. Fidelity Total International Index Fund (FTIHX)
3. Fidelity U. S. Bond Index Fund (FXNAX)

HOW TO OPEN AN ACCOUNT

PERSONAL INVESTORS ▾

OPEN AN ACCOUNT

FORMS

SUPPORT

LOG ON

Vanguard

Search the site or get a quote



Home

My Accounts

Investing ▾

Advice & Retirement ▾

News & Perspectives

Benefits & Costs ▾

Tax season is here. Are

Vanguard

How will you fund this new account?

Continue

- Electronic bank transfer or another Vanguard account
- Rollover from an employer plan (e.g., 401(k) plan)
- Transfer investments from another financial firm

HOW TO OPEN AN ACCOUNT

Select the account type you want to open

What will you use this account for?

- Retirement (IRAs)
- General investing (individual, joint, trust)
- College savings or investing for a minor
- Small business (SEP-IRA, i401(k), SIMPLE IRA)

ROBO-ADVISORS EXAMPLE

Add goal


- Goal and account type
- Personalize your plan


Select a goal or account type to start


Close X


BY GOAL TYPE


BY ACCOUNT TYPE


 **Major Purchase**
For that dream house, car, vacation, or any other big ticket item.

 **Education**
For private school, college, or continuing education. We suggest having separate goals for each current or future student you are saving for.

 **Safety Net**
Helps build an emergency fund so you're prepared for the unexpected.


 **General Investing**
Not sure what you're saving for yet? Use General Investing to help keep your money working for you until you need it.

 **Retirement**
You already have a Retirement plan. Start here to see additional retirement services or accounts.

 **Smart Saver**
You may only have a single Smart Saver goal.

Continue

EXAMPLE CONT.

Goal name	Goal icon and name	Goal name
<input type="text" value="Safety Net"/>	 <input type="text" value="Major Purchase 2"/> Choose	<input type="text" value="Education"/>
Target amount <input type="text" value="\$10000"/>	Target amount <input type="text" value="\$100000"/>	Target amount <input type="text" value="\$250000"/>
Term years <input type="text" value="2"/>	Term years <input type="text" value="5"/>	Term years <input type="text" value="18"/>
Portfolio Betterment portfolio Change Globally diversified portfolio built on Nobel Prize-winning research, for any risk level. This is our most popular strategy.	Portfolio Betterment portfolio Change Globally diversified portfolio built on Nobel Prize-winning research, for any risk level. This is our most popular strategy.	Portfolio Betterment portfolio Change Globally diversified portfolio built on Nobel Prize-winning research, for any risk level. This is our most popular strategy.
40% Stocks Change RECOMMENDED Our recommended moderate allocation optimally balances downside risk and growth over your investing term.	Auto-adjust (48% Stocks) Change RECOMMENDED Auto-adjust intelligently adjusts your portfolio allocation over time to keep you at the recommended moderate risk level. Learn more	Auto-adjust (77% Stocks) Change RECOMMENDED Auto-adjust intelligently adjusts your portfolio allocation over time to keep you at the recommended moderate risk level. Learn more
Create this goal	Create this goal	Create this goal

TAKE THE LONGER-TERM APPROACH

- Set up a solid investing plan:
 - Low-cost index funds
 - Steady purchase of stock- and bond-based mutual funds
 - A risk-based allocation based on your time horizon
- Rebalance portfolio as time horizon gets closer
- Set it and forget it (i.e., do nothing)

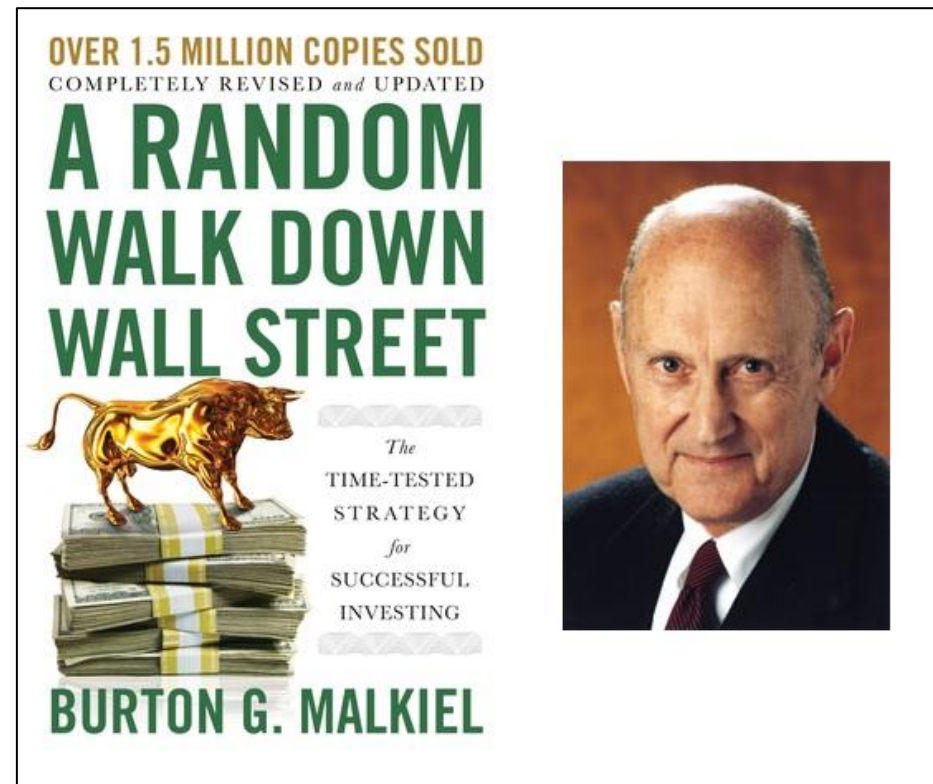


Buying and selling at the right moment isn't going to happen regularly

“

**It is not often in life
that the easy thing
to do is the smart
thing to do”**

- Burton Malkiel



Quote from Burton Malkiel interview by Peter Coy in NY Times

The Best 50-Year-Old Investing Advice Money Can Buy

Nov. 21, 2022

<https://www.nytimes.com/2022/11/21/opinion/burton-malkiel-random-walk-down-wall-street.html>

SUGGESTED RESOURCES

Books

- The One Page Financial Plan (Carl Richards)
- The Millionaire Next Door (Thomas Stanley)
- “Guide to Investing” & “Guide to Retirement” (Bogleheads)
- Rich AF (Vivan Tu – aka Your Rich BFF)

Columnists/ Websites

- 401k.com
- Ron Lieber/Tara Siegel Bernard/Carl Richards (NY Times)
- CNN Money - Money 101
- Bogleheads Forum

Blogs/ Podcasts

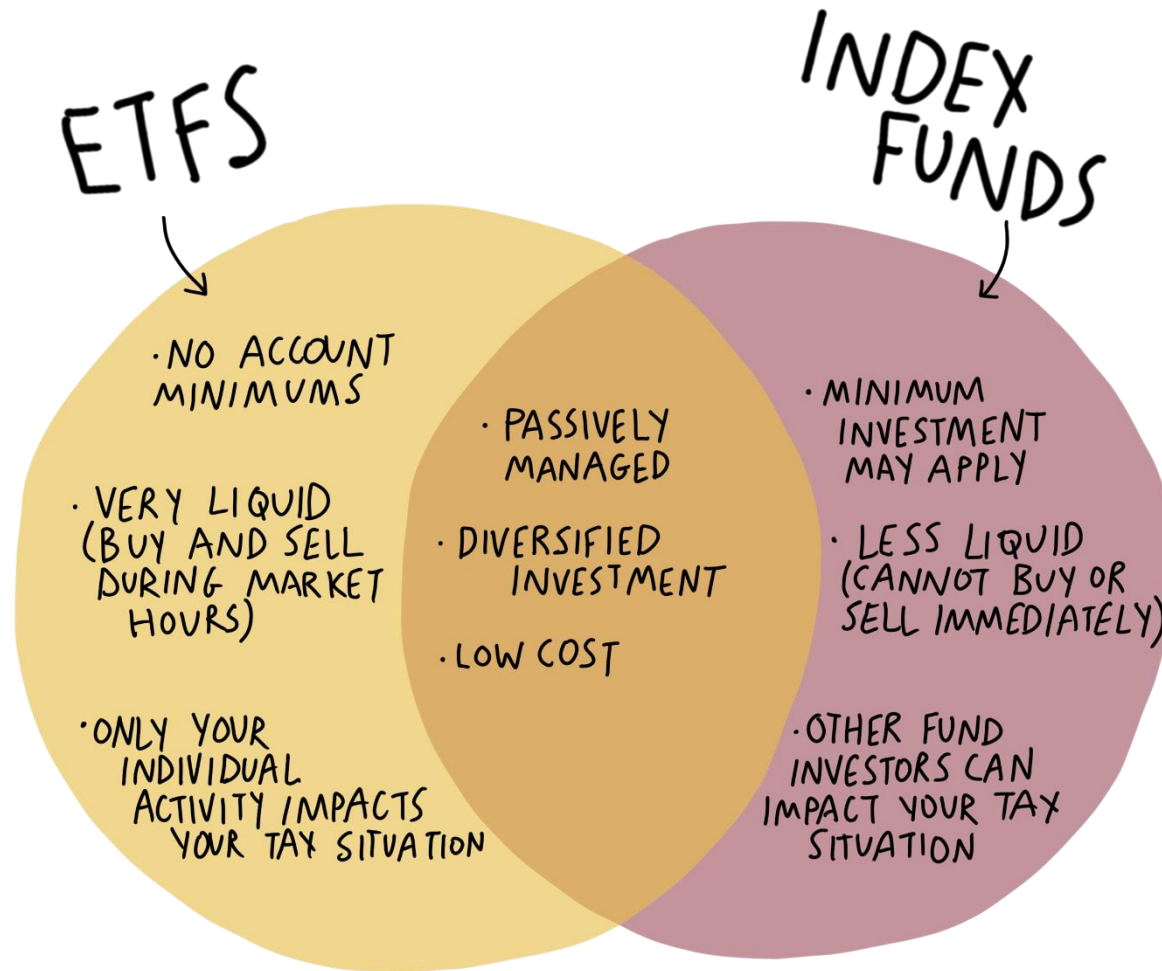
- Big Law Investor; White Coat Investor
- Her Money (Jean Chatzky)
- "So Money with Farnoosh Torabi"
- Brown Ambition (with Tiffany Aliche and Mandy Woodruff)
- Jill on Money

Financial Advisors

- XY Planning Network (Fee-Only, Fiduciary)
- NAPFA (National Assn of Personal Financial Advisors (Fee-Only, Fiduciary)
- Robo-Advisors (Betterment, Wealthfront, etc.)

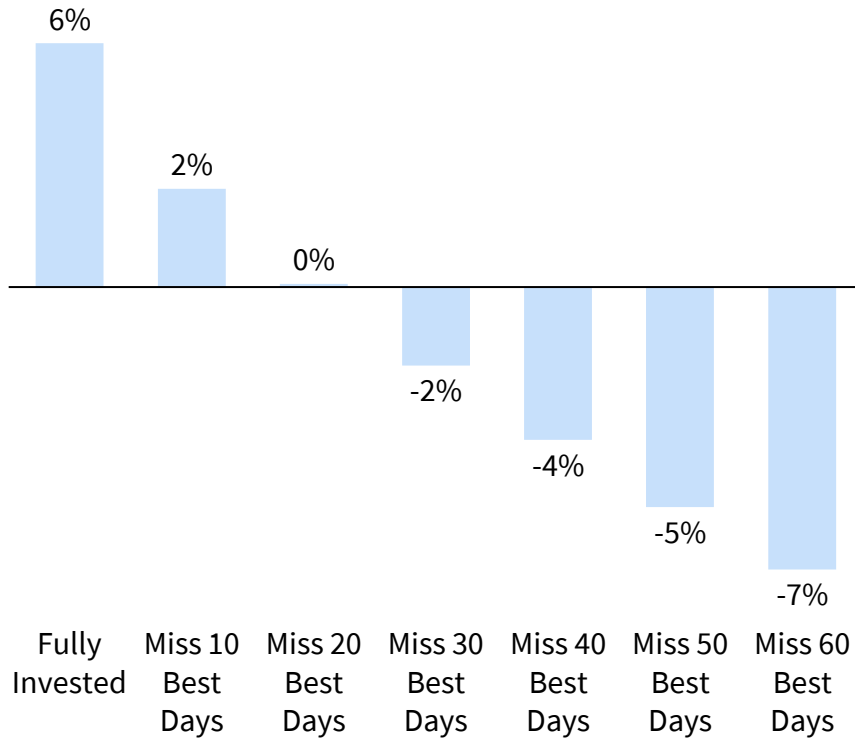
APPENDIX

INDEX [MUTUAL] FUNDS VS. ETFS

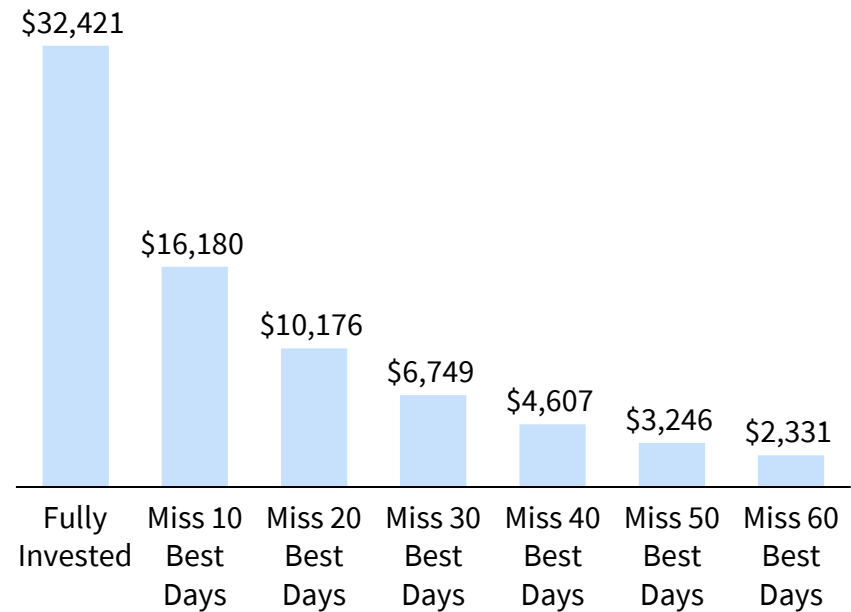


TRYING TO TIME THE MARKET... BACKFIRES

Annualized Performance



Value of \$10,000 Investment (2000 - 2019)



THE DATA

15.2%

Gain during 1st
month of a bull
market (since 1928)

31.6%

Gain during first 3
months of a bull
market (since 1928)



Stock surges have often begun when the outlook was bleak (i.e., they are hard to time)

REAL EXAMPLE FROM NOVEMBER 2022

Top 20 increases since 1971

NASDAQ largest one-day increases		Bear market
1/3/2001	14.2%	Yes
10/13/2008	11.8%	Yes
12/5/2000	10.5%	Yes
10/28/2008	9.5%	Yes
3/13/2020	9.4%	Yes
4/5/2001	8.9%	Yes
3/24/2020	8.1%	No
4/18/2001	8.1%	Yes
5/30/2000	7.9%	Yes
10/13/2000	7.9%	Yes
10/19/2000	7.8%	Yes
5/8/2002	7.8%	Yes
12/22/2000	7.6%	Yes
11/10/2022	7.4%	Yes
10/21/1987	7.3%	Yes
4/6/2020	7.3%	No
4/18/2000	7.2%	Yes
3/10/2009	7.1%	No
3/23/2009	6.8%	No
4/25/2000	6.6%	Yes

16

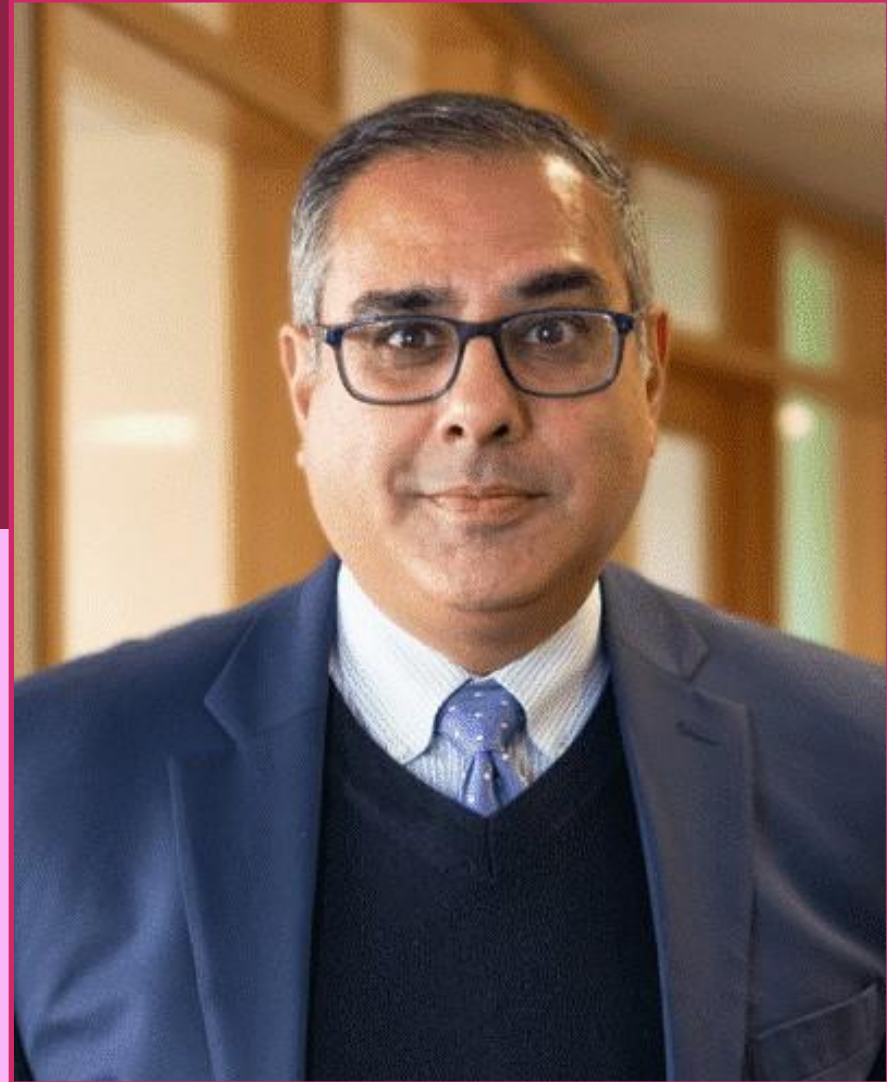
of the top 20 single-day increases since 1971 came during a bear market

Meet Harvard FCU's Investment Services Rep!

Raj Bhanshali

Investment Advisor Representative,
CUSO Financial Services, L.P., Harvard
Federal Credit Union

rbhanshali.cfsinvest@harvardfcu.org



Questions?



Let's keep in touch!

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🔗 @HarvardFCU
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