

Using Your Stimulus Benefit



Very Old Photo

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Stimulus Benefits

- \$1200 Stimulus check – 2020
- \$600 checks, Unemployment
- \$1400 Stimulus check - 2021
- \$3600 Child Tax Credit
- Reduced expenses for commuting, meals when working from home
- No Required Minimum Distribution (RMD) in 2020
- Student loan and eviction deferral/forgiveness



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Reflection

Which of these benefits apply to your personal situation?

SHEMAMAN™ THE STAR-LEDGER



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Who Is Affected?

- 'K-shaped' recovery
- Unemployed, furloughed
- Self-employed, contract, and 'gig' workers
- Minimum wage, service sector workers
- Regular salaried/hourly employees with benefits
- Retired



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Basic Expenses


- Shelter, food, sanitation, utilities
- Safety, security, communication (phone, Internet)
- Child education, child care
- Community – relatives, friends or social circle
- Priorities will vary depending on income, medical plan, savings, resources, support from others



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Necessities and Choices

- Mortgage, rent, utilities
- Credit card debt
- Health plan
- Transportation – car, public
- Communication – Internet, cell, streaming
- Dining in/out, entertainment
- Pet care

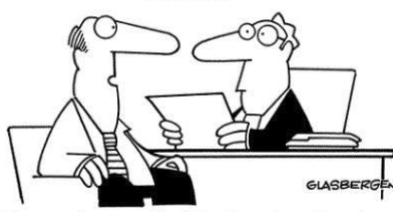


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Reflection


How financially stable are you
and your loved ones?

FINANCIAL PLANNING
SERVICES



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"The sports car and sailboat are investments for my retirement. I'm using them to attract a younger woman who can support me in my old age."



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What To Do With The Money?

- Pay down credit card debt!
- Emergency slush fund – 6-12 mo. cash
- Auto or home maintenance
- Splurge on a cruise or family vacation
- Charitable donations, 529 plan, HSA, Roth IRA, education
- Save it until there is less market volatility
- **Invest it!**



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What To Do With The Money?



"So far, so good — I've got our budget all balanced except for food, clothing, and shelter!"

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"People are living longer than ever before. It's nature's way of helping you pay off your student loans."



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Investment Options

- Bank account, CDs, bonds
- Mutual funds
- ETFs, Index funds
- **Stock in companies with a proven track record**
- Precious metals, artwork
- Digital currency, e.g., Bitcoin, Ethereum
- Non-Fungible Tokens (NFTs) – blockchain-based



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Investing Choices

- Financial Advisors
- Traditional Investing Brokerages
- Online Trading Accounts
- Investment Clubs



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Investing Choices



"Sometimes the best investments are the ones you don't make. Let's go with that strategy and see where it takes us."



"We should probably take an aggressive approach. My allowance is 50¢ a week and I want to retire at age 16."



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Financial Advisors

1. ROBO – low cost, low/no minimums



2. ONLINE – medium cost, varied minimums



3. TRADITIONAL – higher cost & minimums



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Advantages/Disadvantages

Financial Advisor - Advantages

- Personalized guidance if you don't have the time, knowledge, expertise or confidence
- Help establish an objective and overall investment strategy
- FINRA certification



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Advantages/Disadvantages

Financial Advisor - Disadvantages

- Fees are based on account total, not performance
- Understand how they make their money – are they promoting a product?
- Your mileage may vary



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Traditional Investment Brokers

- Charles Schwab 
- TD Ameritrade (Schwab) 
- Fidelity 
- J P Morgan Chase 
- Merrill Edge (Bank of America) 
- T Rowe Price 
- Vanguard 



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Traditional Investment Brokers



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Advantages/Disadvantages

Traditional Brokerage Account - Advantages

- Financial Advisor to help with the mechanics of investing
- Low/no fee options, trade on line
- Research, opinions and guidance available on company web site
- May offer focused funds like retirement date funds



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Advantages/Disadvantages

Traditional Brokerage Account - Disadvantages

- Little choice in your professional contact
- May promote company's products
- Interest level dictated by account size



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Stock Market Investing



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"If a stock goes sour and leaves a bad taste in your mouth, try one of these — they're InvestMints!"



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"The stock market bounced back today until analysts determined that bouncing looks silly and undignified."




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Online Brokerages




<https://www.nerdwallet.com/best/investing/investment-apps>

Broker	NerdWallet Rating [Ⓞ]	Commissions	Promotion	Account Minimum
 MERRILL <small>A BANK OF AMERICA COMPANY</small> Merrill Edge	★ 5.0 /5	\$0 per trade	Up to \$600 cash credit with qualifying deposit	\$0
 E*TRADE	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0
 TD Ameritrade	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0
 SoFi Active Investing	★ 4.5 /5	\$0 per trade	Free career counseling plus loan discounts with qualifying deposit	\$0
 Robinhood	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0



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Nerdwallet Ratings, cont'd.

STASH <small>Stash</small>	★ 3.5 /5	\$1 - \$9 per month	Up to \$510 cash credit to invest with qualifying deposit.	\$0
 acorns <small>Invest the Change</small> <small>Acorns</small>	★ 3.5 /5	\$1 - \$5 per month	None no promotion available at this time	\$0
YOU INVEST <small>by JPMorgan</small> <small>You Invest by J.P.Morgan</small>	★ 4.5 /5	\$0 per trade	Up to \$725 when you open and fund a You Invest Trade account with qualifying new money	\$0
ally invest <small>Ally Invest</small>	★ 5.0 /5	\$0 per trade (on eligible US securities)	\$50 - \$3,500 in cash bonus with qualifying deposit.	\$0
 charles SCHWAB <small>Charles Schwab</small>	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0
 Fidelity <small>Fidelity</small>	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0



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Advantages/Disadvantages

Online Brokerages - Advantages

- Stocks, funds, ETFs, etc.
- Trade via cell phone
- Low/no minimum investment
- Often tied to banking and ATM access



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Advantages/Disadvantages

Online Brokerages - Disadvantages

- Robo advice may not apply
- Too easy to become captivated by the process
- Easy to make mistakes if you're not educated in investments



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Reflection

Do you need an advisor or do you want to learn to actively manage your money?

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INVESTMENTS AND
RETIREMENT PLANNING



"You have to spend money to make money. So I bought myself a cabin cruiser, luxury sports car, and a giant screen plasma TV."



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Investment Clubs

- Social environment of like-minded individuals in which to educate themselves about investing your money
- Operates like a small-scale mutual fund where members make the investment decisions as a group
- Learn about investment styles, sectors/industries, portfolio management, risk evaluation, diversification
- Learn to trust your judgment in evaluating companies



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Investment Clubs, cont'd.

- Learn how companies and the greater economy operates, where your goods and services come from
- Often established as a legal entity such as a partnership or LLC but subject to regulatory oversight and standardized accounting records
- Learn how to use preferred information sources such as Value Line, Morningstar, CFRA, NASDAQ, Yahoo, Zacks, Edgar, Finviz, BigCharts, Investopedia
- Members may form clubs with specific objectives, e.g., a family or high school club



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Investment Clubs

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“On Wall Street today, the Dow and Nasdaq did their little dance and everyone pretended that it was very important.”

“Stocks plummeted today to a near-record low because that’s what stocks do sometimes.”

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Advantages/Disadvantages

- Gain a wealth of knowledge about investing
- Understand how wealth is created through investment in individual companies
- Follow one or more stocks in depth and report your findings to the club
- Takes time to do the research properly and accept input from other club members
- Warning: May be habit-forming!



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Better Investing Clubs

- Betterinvesting.org website has all the information and local club contacts
- Learn through numerous webinars, training courses. Presenters are very experienced investors and share their ideas but make no specific recommendations
- Use the powerful Stock Selection Guide (SSG) software to evaluate companies and make your judgments about their potential future performance



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Reflection

Are you ready to start or join a club???



“My investing club has been meeting for four years. So far we’ve invested \$500 in stocks, \$100 in bonds and \$3000 in coffee and cake.”



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OKI Club Scene

- The Ohio/Kentucky/Indiana Chapter has two Model Investment Clubs – Cincinnati Model Investment Club (CinMIC) and Dayton Model Investment Club (DayMIC)
- Attendees/members often belong to more than one club
- Most other clubs are smaller and private
- Form your own club – lots of resources on the BI web site
- On-line tools make club management easy



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Starting A Club

- Organize membership – make sure members are known, trustworthy, and willing to do the work, not just socialize
- Utilize an entry fee and monthly investment fee to keep members engaged
- Choose an organizational structure – officers, succession plan, regular meeting schedule and agenda, record keeping plan
- Choose a legal structure – partnerships are most common



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Starting A Club, cont'd.

- Choose a brokerage that supports clubs - required
- Choose record keeping and accounting tools to keep track
- Get an Employer Identification Number (EIN) from the IRS as the club will have to file taxes
- Decide on goals and objectives and create a plan to achieve them – this is a group effort and takes consensus
- Attend a model club for a while to see how decisions are made



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General Advice



“The stock market is like a roller coaster, except I never throw up my hands and go wheeeeeeeeeeeeeee!”



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General Advice

- Reduce or eliminate debt
- Avoid leverage
- Beware of excessive expenses
- Learn before you invest – understand risk, diversify
- Don't be emotional about investments
- If you can't take the time to understand investing, stick with index funds



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QUESTIONS? COMMENTS?

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