

Investing and Retirement

Lesson 3: Student Activities | Ages 14 & Up

THE PAYOFF



Lesson Procedures

Part 1: Play The Payoff

Part 2: Student guide

Directions: Review each investment and make an investment decision that puts you in the best position to retire.

Investment Options

Peach Orchard Small Cap Mutual Fund

Mutual Funds

YTD Return: 18%

Minimum Investment Amount: \$500

Net Expense Ratio 1.5%

WARNING: Historical investment returns do not guarantee future investment returns.

BUY NOW through Major Money Financial Planners*

*Dollar Capital Financial Planner Management Fee: 2%.

Buy now

Peach Orchard Total World Stock ETF

Tracker Funds

YTD Return: 17%

Minimum Investment Amount: \$500

Net Expense Ratio 0.25%

WARNING: Historical investment returns do not guarantee future investment returns.

BUY NOW through Big Time Financial Planners*

*Big Time Financial Planners Fee: 1%.

Buy now

After you have made your investment selection, answer the following questions.

1. Which investment did you select, and why?

Part 2: Instructional guide, cont.

2. If selecting an investment that you will not need for 40 years, and given a choice, would you choose stocks, bonds, or a savings account? Why?

3. Assume your employer offers you a dollar-for-dollar match of 6% on your \$50,000 annual salary in their 401k plan and that you are wise, and take full advantage of it. Calculate the anticipated return of the Peach Orchard Small Cap Mutual Fund and Peach Orchard World Stock ETF using the following assumptions and financial calculator for assistance: www.practicalmoneyskills.com/resources/financial_calculators/savings_investment/savings_grow.

- Initial investment amount: \$6,000
- Future annual contributions: \$6,000
- Number of years: 40
- Rate of return: 9% (market average)
- Peach Orchard Small Cap Mutual Fund Total Expense Ratio: 3.5%*
- Peach Orchard World Stock ETF Total Expense Ratio: 1.25%*

* Be sure to deduct the fees from the rate of return before entering into the calculator

Projections after 40 years	Peach Orchard Small Cap Mutual Fund (Enter as Fund 1)	Peach Orchard World Stock ETF (Enter as Fund 2)
After Fee Investment Value		

4. What surprised you most about the projections? Please elaborate.

5. Fees clearly erode investment returns. Repeat the process using the same numbers, except assume the investor waits until the age of 40 to begin investing for retirement, entering 20 years.

Projections after 20 years	Peach Orchard Small Cap Mutual Fund (Enter as Fund 1)	Peach Orchard World Stock ETF (Enter as Fund 2)
After Fee Investment Value		

Part 2: Instructional guide, cont.

6. How does time impact retirement savings?

7. Investment returns are a significant factor in your score when playing The Payoff. How will this lesson influence your choice when you play?

8. Explain why failing to fully take advantage of your employer's match in a retirement plan is a bad idea.

9. Summarize two lessons you have learned that you plan to apply in your own life when you are old enough to invest for retirement.

Part 4: Play Again

PLAY The Payoff using what you have learned in this lesson when making investment selections