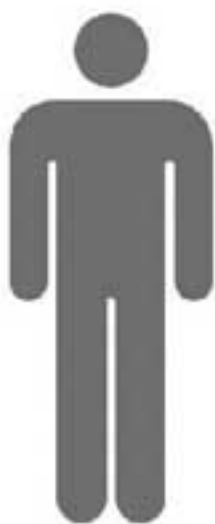


Mike Wiliquette

**BIBLICAL PRINCIPLES
OF MONEY
MANAGEMENT**

LESSON 3

Investing for Retirement - A



WHAT ARE BONDS?



You are a company's lender

How do bonds work?

When you buy a bond, you're lending money to the organization that issues it. The company, in return, promises to pay interest payments to you for the length of the loan.

How much and how often you get paid interest depends on the terms of the bond. The interest rate, also called the **coupon**, is typically higher with long-term bonds. These interest payments are usually doled out semiannually, but they can also be sent out annually, quarterly or even monthly.

When the bond reaches the date of **maturity**, the issuer repays the **principal**, or original amount of the loan.



STOCKS

You are a company's owner

How do stocks work?

A **share** of stock is literally a share in the ownership of a company. When you buy a share of stock, you're entitled to a small fraction of the assets and earnings of that company.

Assets include everything the company owns (buildings, equipment, trademarks), and **earnings** are all of the money the company brings in from selling its products and services.

When the value of the company goes up, your share is worth more. When the value of the company goes down, your share is worth less.

S&P 500



The market always goes up and it is always a wild and rocky ride along the way



Questions/Thoughts ...

- Is NOW a good time to invest, right before a possible stock market crash?
- "... A lot of people seem to think a stock market crash is just around the corner."
- "I can't stand losing money ... I want out, NOW!"
- "Should I just hold off until after the crash so I can make the most of my money?"

This is all about fear and greed!

The curse of fear is what will drive you to panic and sell when you should be holding.

The market is volatile. Crashes, pullbacks and corrections are all absolutely normal. None of them are the end of the world, and none are even the end of the market's relentless rise. They are all, each an every one, expected parts of the process.

Prediction Secrets:





S&P 500



Types of Fees

- **Loads** – fees placed on your investment BEFORE it gets invested or when you take funds out of your investment account(s).
- **Advisor Fees** – It is typical that this fee is a percentage of the money you put into your investment account. The fee is taken out first, then the remainder gets invested. Some advisors charge a percentage of the funds you have IN your investment account. For instance, if you had \$100,000 in your investment account and your advisor charged 1%, you would pay \$1,000 per year for his/her services.

Types of Fees

- **Expense Ratios** – This fee (usually a percentage of the balance in your account at the end of the year) covers the cost to the company that “houses” your investment portfolio (i.e. Fidelity, Vanguard, HD Vest, etc). These fees cover the cost of managing mutual funds, keeping the website up to date, and record keeping and research.

“[The economy] won’t do fine every year and every week [but] it’s a positive-sum game, long-term. The only way an investor can get killed is by high fees or by trying to outsmart the market.” ~ Warren Buffet

Actual Fee for DWS

<i>Trade Date</i>	<i>Transaction Description</i>	<i>Dollar Amount</i>	<i>Share Price</i>	<i>Shares This Transaction</i>	<i>Total Shares Owned</i>
09/15/2020	2020 Participant Contrib.	\$75.00		0.695	45.786
09/15/2020	Sales Charge % = 3.75	\$4.31	\$107.000		45.881
	Ending Balance as of 09/15	\$4,949.77	\$4701.780	0.600	45.881

When are Higher Fees Worth Paying?

When you make more than you could investing on your own (after fees are taken into account.)

When you believe that you don't have enough time to manage your investment account and are happy to pay someone else to do so.

Vanguard Fees on Index Funds

- **Loads** – fees placed on your investment BEFORE it gets invested or when you take funds out of your investment account(s). **NONE**
- **Advisor Fees** – It is typical that this fee is a percentage of the money you put into your investment account. The fee is taken out first, then the remainder gets invested. Some advisors charge a percentage of the funds you have IN your investment account. For instance, if you had \$100,000 in your investment account and your advisor charged 1%, you would pay \$1,000 per year for his/her services. **NONE**
- **Expense Ratios** – .04% = .0004 X Investment Value

Application Moment!

- Your world is a bit different in regards to the cost/value of things.
- If you purchase something for a given price, that is the value of that item and every other just like it in your world.
- So, if you bought a new cell phone for \$200 right now, it is because everyone's identical cell phone is worth (at that moment) \$200. Tomorrow they may all be worth \$100.

One Ornament



\$1.00



Holiday
Craft Sale

One Ornament



\$.50

100 Ornaments



\$.50 each

Value: \$50

S&P 500



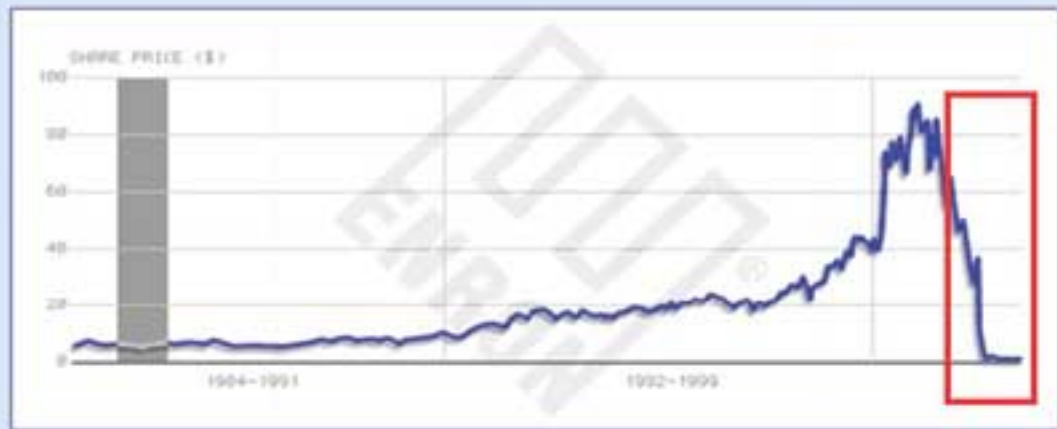
Buy More Ornaments!



NOTE:

- ONLY follow the buy-more-during-downtimes when you are purchasing "the market!"
- This is because the market has ALWAYS gone up over time.
- If you follow this process when purchasing an individual stock (1 company) and that company closes, you have lost ALL your money still invested in it! 😞

Enron's stock price, 1984-2001:



Mike's Investment – Send it and forget it

BAPTIST WORLD MISSION INC.

+ Set Chart Filters and Period



Fund: All Funds

Asset Class: All Asset Classes

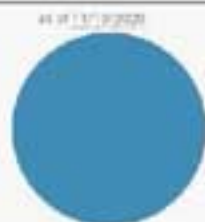
Source: All Sources

Period: 02/07/2005 - 11/10/2020

Personal Rate of Return: 282.73%

Annualized: 8.89%

Allocation by Fund



Name	Balance
100.00% VANGUARD 300 INDEX FUND ADMIRAL SHARES	\$2,710.00
100.00% TOTAL	\$2,766.00

Net Investment vs. Market Value Graph



2-Year Old Investment – 13% Annualized Rate of Return




How Much Do You Need?

- Determine your yearly income.
- Multiply this number X 25
- The result is the amount of money you will need in your retirement investment account IF you have no other streams of income (i.e. Social Security, side job, etc)
- This invested money has a 95% change of "outliving" you should you die 30 years after you retire.

How do I know this?

FIREcalc: A different kind of retirement calculator

(first updated on April 11, 2016 after 10/10/15)

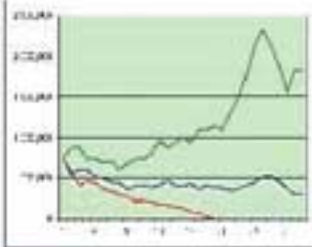


Thinking of retiring? If so, and retiring early, long before you start getting a pension or Social Security, and before you have ready access to your 401k and IRA?

Thinking you can't?

"With what you have today, and what it costs you to live, Can you retire and maintain the same lifestyle?"

Suppose I don't tell you that and I just tell you that in the early 1970s, starting with \$10k, and ending today out \$20,000 each year, and an average 6% or less. The first 400 average is something like:



Others here are the cost and behavior of three identical portfolios (how many in fact, just), whether I think (IRA), and the results, both (green) - the results for varying strategies.

Yes I can tell you how much you would have needed to know that you would have deposited your portfolio if things are as bad as 1973, or 1974, or any of the past years for what we have done.

Indeed in the results of three different starting points - even from 1990, or 1995, or 2000, you can get a sense of just how bad it was for retirement plans, and so on how it would have withstood every market condition we have ever faced.

Seeing the results will illustrate better than thousands of words.

At the top, enter how much you need, how much you have, and then a red arrow will take you to the calculator. You can also click the submit button to view the results in a new window. **Check the spreadsheet** for more information on the calculator. [Link to the spreadsheet](#)

Did not say what I intended, I think I'll assume you need to keep your annual spending about the same for as many years as you can. If you don't, spending on anything any fixed fee only increases, and your retirement portfolio will be a much poorer performer.

Start Here

Spending: 10000
Portfolio: 100000
Taxes: 0
Rates:

Planning on living 30 years past retirement? Get a job or invest more!

FIRECalc Results

Your spending in every year after the first year will be adjusted for inflation, so the spending power is preserved.

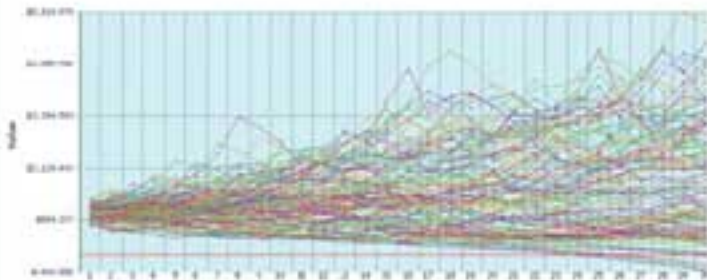
FIRECalc looked at the 100 greatest 30 year periods in the market data, starting with a portfolio of \$1,000,000 and spending your specified amount each year thereafter.

Here is how your portfolio would have fared in each of the 100 cycles. The lowest and highest portfolio balance at the end of your retirement was \$-400,000 to \$1,070,070, with an average at the end of \$1,973,070. (Note: this is coming at the beginning of the retirement period for each cycle.)

For our purposes, FIRE means the portfolio was depleted before the end of the 30 years. FIRECalc found that 6 cycles failed, for a success rate of 94%.

Understanding the charts below: Don't be to follow any individual line - with most resources, there are just too many of them. But if you look at the mass of lines, and the zero axis, you can get a clear visual representation of how frequently your strategy would have failed (depleted below zero) or succeeded. The objective of presenting the information this way lets allow you to get a "big picture" sense of the way your strategy would have performed historically.

Year-by-Year Portfolio Balances



The zero line at bottom of axis

Sign Up for mySocialSecurity Account at the following location:

<https://www.ssa.gov/myaccount>



The screenshot shows the top of the mySocialSecurity website. The header is dark blue with the Social Security Administration logo and the text "Social Security" on the left, and "SEARCH" and "MENU" on the right. The main content area has a light blue background. The heading reads "Create your personal *my* Social Security account today". Below this is a paragraph: "A free and secure *my* Social Security account provides personalized tools for everyone, whether you receive benefits or not. You can use your account to request a replacement Social Security card, check the status of an application, estimate future benefits, or manage the benefits you already receive. All from anywhere!". There are two blue buttons: "Create an Account" and "Sign In". Below the "Create an Account" button, the text "Finish Setting Up Your Account" is visible, with a large red arrow pointing upwards towards it. On the right side of the page, there is a photograph of a man and a woman walking through a field of tall grass at sunset.

Sign Up for my Social Security Acct

The screenshot shows the 'my Social Security' website interface. At the top left is the Social Security logo. The main content is divided into two columns. The left column is titled 'Create Your Account' and contains the text 'All information you will need' above a blue 'Create New Account' button. Below that is the text 'Finish Setting Up Your Account' above a white button with a red arrow pointing to it. The right column is titled 'Sign In' and contains a 'Username' input field, a 'Forgot Username?' link, a 'Password' input field, a 'Forgot Password?' link, and a blue 'Sign In' button. At the bottom, there is a section 'Other Sign In Options' with 'Sign in with LOGIN.COM' and 'Sign in with Facebook' buttons. A link for 'Read External Privacy' is at the bottom left.

Social Security

Create Your Account

All information you will need

[Create New Account](#)

Finish Setting Up Your Account

[Finish](#)

Sign In

Username

[Forgot Username?](#)

Password

[Forgot Password?](#)

[Sign In](#)

Other Sign In Options

Sign in with LOGIN.COM [Sign in with Facebook](#)

[Read External Privacy](#)

After you get your letter in the mail, go back to the site and enter code found on your letter.



Once you log into your account, your monthly benefits statement can be printed using the Print/Save link that they provide.

The screenshot shows the 'my Social Security' user interface. At the top right, the user's name 'Michael J. Vitkopala' and 'Sign Out' are visible. Below the navigation bar, a welcome message reads 'Welcome, Michael!'. A notification states 'You last signed in on July 3, 2021 at 8:17 PM ET'. The main content area features a list of links, with a red arrow pointing to the first one: 'Print / Save a copy of your Social Security Statement (PDF)'. Below this link are smaller links for 'Download Statement (XML)' and 'How to use XML files'. Other links include 'Retirement Ready: Fact Sheet For Workers Ages 45-60', 'Fact Sheet: You Have Earnings Not Covered By Social Security', 'Replace your Social Security Card', and 'Print / Save a letter proving you do not receive benefits (PDF)'.

my Social Security Michael J. Vitkopala Sign Out

Home Messages Profile Settings Security Settings

Welcome, Michael!

You last signed in on July 3, 2021 at 8:17 PM ET

Print / Save a copy of your Social Security Statement (PDF)

Download Statement (XML) | How to use XML files

Retirement Ready: Fact Sheet For Workers Ages 45-60

Fact Sheet: You Have Earnings Not Covered By Social Security

Replace your Social Security Card

Print / Save a letter proving you do not receive benefits (PDF)



Your Social Security Statement

WICHILL, WILCOLETTE

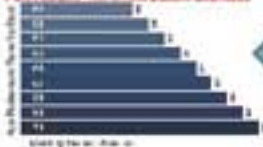
July 1, 2019

This Statement, including all benefits benefits, shows all earnings you've reported and how they'll be used to estimate your benefits. These benefits may be affected if you participate in a retirement plan to receive a benefit based on earnings not covered by Social Security.

Retirement Benefits

This table shows how you'll receive retirement benefits. Your first retirement benefit will be paid on the first day of the month after you reach age 62, or at the age you've chosen for your benefits. The first benefit will be for the month after you reach age 65. The first benefit will be for the month after you reach age 67. The first benefit will be for the month after you reach age 70. The first benefit will be for the month after you reach age 72. The first benefit will be for the month after you reach age 74.

Projected Retirement Benefit Estimate



Disability Benefits

This table shows how you'll receive disability benefits. If you become disabled before you reach retirement age, you may be eligible for disability benefits.

Taxes Paid

Total estimated Social Security and Medicare taxes paid over your working career are reported on your earnings records.

Category	Tax paid	Unemployed tax paid
Social Security taxes	\$	\$
Medicare taxes	\$	\$
Total taxes	\$	\$

Survivors Benefits

This table shows how you'll receive survivors benefits. If you die before you reach retirement age, your survivors benefits may be affected. This table shows how you'll receive survivors benefits. If you die before you reach retirement age, your survivors benefits may be affected. This table shows how you'll receive survivors benefits. If you die before you reach retirement age, your survivors benefits may be affected. This table shows how you'll receive survivors benefits. If you die before you reach retirement age, your survivors benefits may be affected.

Medicare

This table shows how you'll receive Medicare benefits. Medicare is a health insurance program for people age 65 and older. If you're eligible for Medicare, you'll receive Medicare benefits. Medicare is a health insurance program for people age 65 and older. If you're eligible for Medicare, you'll receive Medicare benefits. Medicare is a health insurance program for people age 65 and older. If you're eligible for Medicare, you'll receive Medicare benefits. Medicare is a health insurance program for people age 65 and older. If you're eligible for Medicare, you'll receive Medicare benefits.

Once you know how much you can assume you will receive from SS each month, you can then determine the difference of this and your monthly needs!

Your Social Security Statement

DONALD F. ROBERTS 06/1/14

Retirement Benefits
The Social Security Administration has calculated your estimated monthly retirement benefit based on your earnings record. Your estimated monthly benefit is \$1,100.00. This amount is based on your earnings record and the number of years you have worked. Your estimated monthly benefit is based on your earnings record and the number of years you have worked. Your estimated monthly benefit is based on your earnings record and the number of years you have worked.

Disability Benefits
The Social Security Administration has calculated your estimated monthly disability benefit based on your earnings record. Your estimated monthly disability benefit is \$1,100.00. This amount is based on your earnings record and the number of years you have worked. Your estimated monthly disability benefit is based on your earnings record and the number of years you have worked.

Summary Benefits
The Social Security Administration has calculated your estimated monthly benefits based on your earnings record. Your estimated monthly benefits are \$1,100.00. This amount is based on your earnings record and the number of years you have worked. Your estimated monthly benefits are based on your earnings record and the number of years you have worked.

Important Information
Your Social Security Statement is based on the information you have provided to us. If you have any questions about your Social Security Statement, please contact us at 1-800-795-3134.

Projected Monthly Benefit Estimate

Age	Estimated Monthly Benefit
62	\$1,100.00
63	\$1,080.00
64	\$1,060.00
65	\$1,040.00
66	\$1,020.00
67	\$1,000.00
68	\$980.00
69	\$960.00
70	\$940.00

Important Information
Your Social Security Statement is based on the information you have provided to us. If you have any questions about your Social Security Statement, please contact us at 1-800-795-3134.

Retirement Investment Goals

Enter values ONLY in green boxes. All other boxes are calculations

4		My Current Age	35
5		My Anticipated Retirement Age	67
6		Funds Currently Invested in Retirement Accounts	\$5,000
7		Projected Interest Rate	8.0%
9		Current Monthly Income:	\$5,303
10		Current Yearly Income:	\$63,636
11		Anticipated Monthly SS Income:	\$2,000
12		Monthly Income Needed from Investments:	\$3,303
13		Yearly Income Needed from Investments:	\$39,636
14		Goal to reach by the time you retire:	\$990,900
15		4% In-Retirement Yearly Investment-Account Withdrawal Amount each January:	\$39,636
16		Anticipated Combined Monthly Income in Retirement from SS and Investments:	\$63,636

Monthly payment necessary to reach the retirement goal:

\$522

1) Choose the income total that you are living off of right now.

2) The calculation assumes that you will own your home and have no debt when you enter your retirement phase. It also assumes that you either have a life insurance plan that will fully cover the costs of the funeral expenses OR that you have money in savings to do so.

3) The use of this document does not guarantee you will have enough for retirement as time, investment gains/losses, and anticipated Social Security benefits are not absolutes.

4) I suggest that if you are 10 or more years away from retirement, that you recalculate your retirement needs every 5 years or so. If you are within 10 years of your retirement, run this every couple of years or yearly. If you are IN your retirement, you can run this whenever you wish!!

Last revised: 6-24-2021

Mike Wiliquette

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