

NEXT GEN EDUCATION SERIES

SESSION ONE: THE BASICS OF MONEY

July 28, 2021

Kory Lackey, Ha Nguyen, Jordan Peterson



Agenda

- Your Money Today > Your Money Tomorrow
- Budgeting: Rent, Savings, Avocado Toast
- Dangerous Debt



Kory Lackey



Ha Nguyen



Jordan Peterson



Your Money Today > Your Money Tomorrow

Why is the dollar you have today worth less tomorrow?

- Inflation – By definition, is the decline of purchasing power over time.
- Inflation is measured in many ways; the Consumer Price Index (CPI) is the most common.



- In the chart you can see what happens to the cost of milk over time.
- This is the result of inflation, as the cost of milk increases, the same \$.09 will buy you less and less over time.



Your Money Today > Your Money Tomorrow

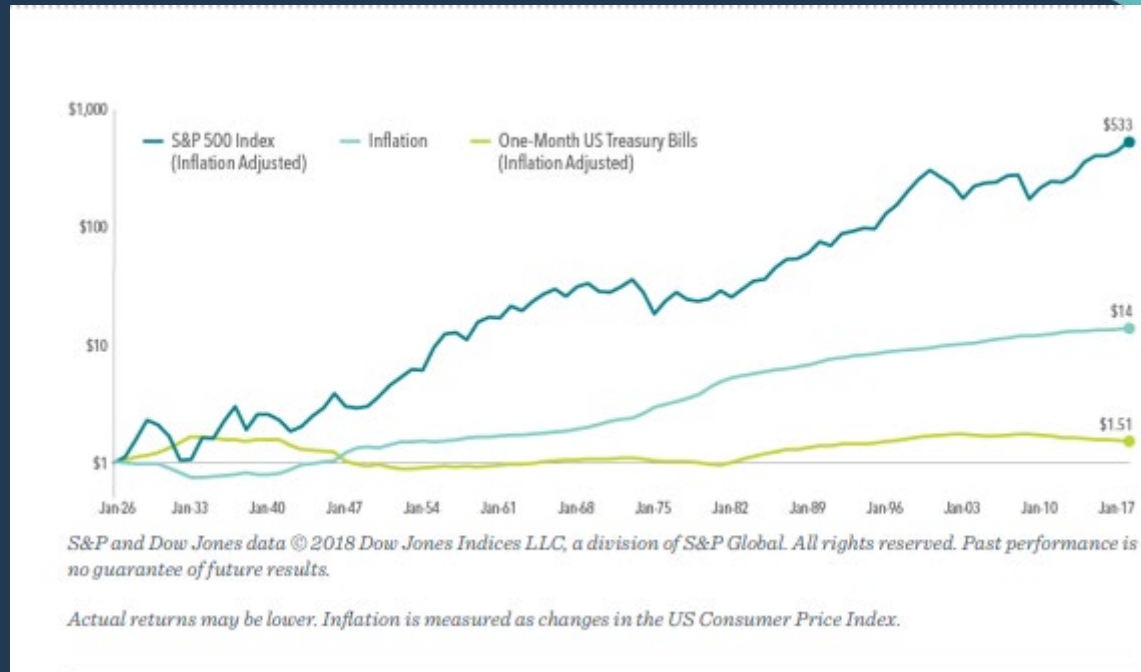
Now that we know that \$1 will buy you less in the future, what tools do we have to attempt to combat this decline?

- Invest in Assets that go up in value
- Fixed Income Investments (Bonds, Certificates of Deposits)
- High Yield Savings Accounts
- Seek a return high than inflation (Real Return = Total Return – Inflation)



Your Money Today > Your Money Tomorrow

What should we invest in to help fight inflation?

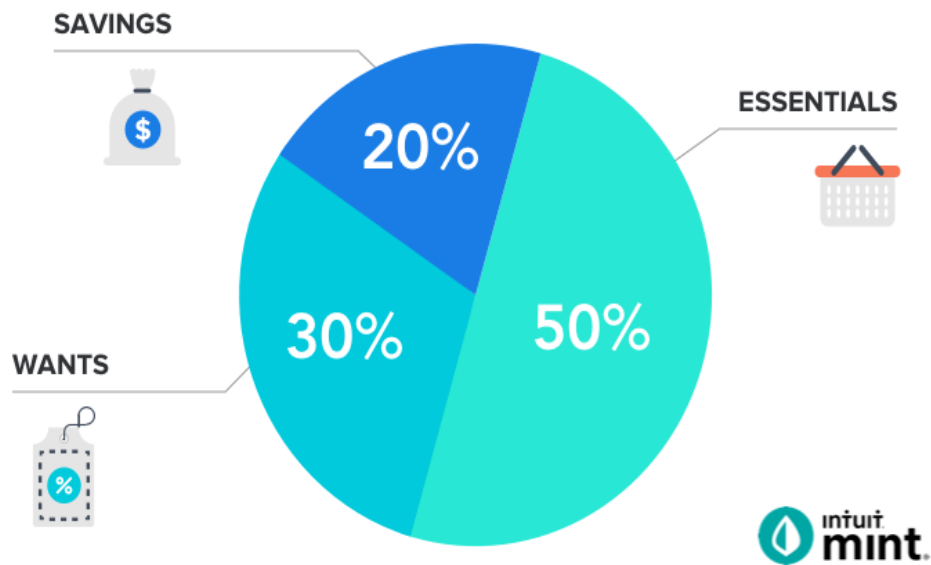


- Stocks/Equities (Growth/Volatility)
- Treasuries
- Cash/Savings (FDIC Insurance)
- Real Estate



What is the purpose of a budget?

The 50/30/20 Budget Rule



NEEDS (50%)

- Housing, groceries, transportation, bills & utilities

WANTS (30%)

- Dining out, shopping, entertainment, travel

SAVINGS (20%)

- Contribution to 401(k) or an IRA, pay down debt, emergency fund



Prioritize Your Savings Goals



1. Capture your employer match
2. Pay down high-interest debt
3. Build up your emergency fund
4. Save even more toward your goals



The Power of Compounding Interest



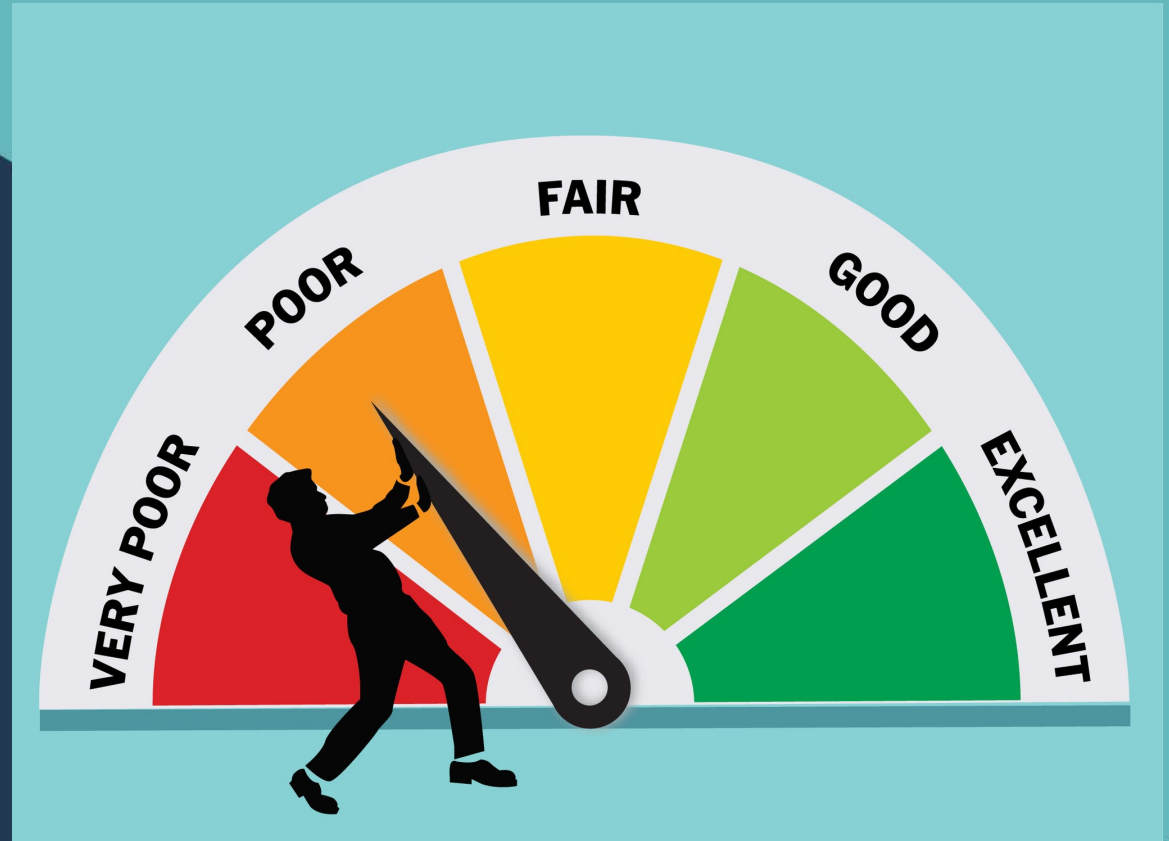
- It's easier to save for retirement when you're young and may have fewer responsibilities.
- The longer you wait, the more you'll need to invest each month.



Dangerous Debt

Credit Score Categories

- Payment History (35%)
- Amounts Owed (30%)
- Length of Credit History (15%)
- Credit Mix (10%)
- New Credit (10%)



Mortgage Scenario 1: Excellent Credit Score

- Home Price: \$1,000,000
- Down Payment: 20%
- Interest Rate: 2.85%
- Mortgage Term: 30 year fixed
- Monthly Payment: \$3,308.46
- Cumulative Interest Paid by End of Loan: \$201,720.96

Mortgage Scenario 2: Fair Credit Score

- Home Price: \$1,000,000
- Down Payment: 20%
- Interest Rate: 3.13%
- Mortgage Term: 30 year fixed
- Monthly Payment: \$3,429.18
- Cumulative Interest Paid by End of Loan: \$222,624.44



Summary

- Your Money Today < Your Money Tomorrow
- Budgeting: Rent, Savings, Avocado Toast
- Dangerous Debt

Disclaimers

Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client or prospective client's investment portfolio. Past performance is not indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CPWM) made reference to directly or indirectly by CPWM in this presentation.



Q & A

