

COMMAND ★ YOUR CASH™



BASIC INVESTING

THE USAA EDUCATIONAL FOUNDATION®

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AGENDA

01 **WHAT** IS INVESTING?

02 **WHY** INVEST?

03 **HOW** TO INVEST?

04 **WHERE** TO INVEST?

05 **THINGS** TO CONSIDER

WHAT IS INVESTING?

WHAT IS INVESTING?



MONEY WORKING FOR YOU

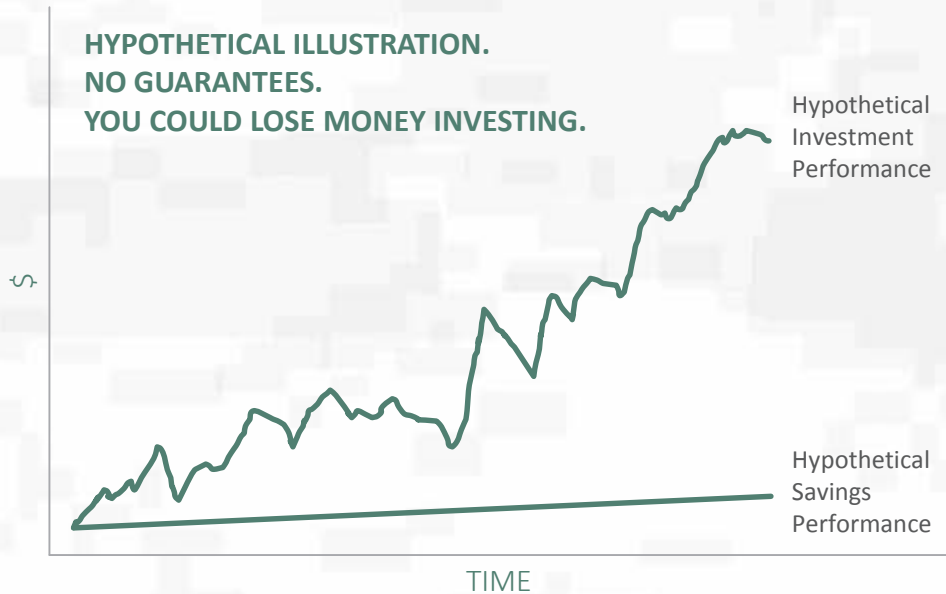


INVOLVES RISK



DIFFERENT THAN SAVING

**HYPOTHETICAL ILLUSTRATION.
NO GUARANTEES.
YOU COULD LOSE MONEY INVESTING.**



WHAT IS INVESTING?

INVESTMENT SPECTRUM

LOWER RISK
LOWER RETURN
SHORTER TIME FRAME

HIGHER RISK
POTENTIALLY HIGHER RETURN
LONGER TIME FRAME



Cash Examples:

Certificates of Deposit
Money Market Account
Savings Account

Bond Examples:

U.S. Government
U.S. Corporate
Municipal
Foreign Gov't/Corp.

Equity Examples:

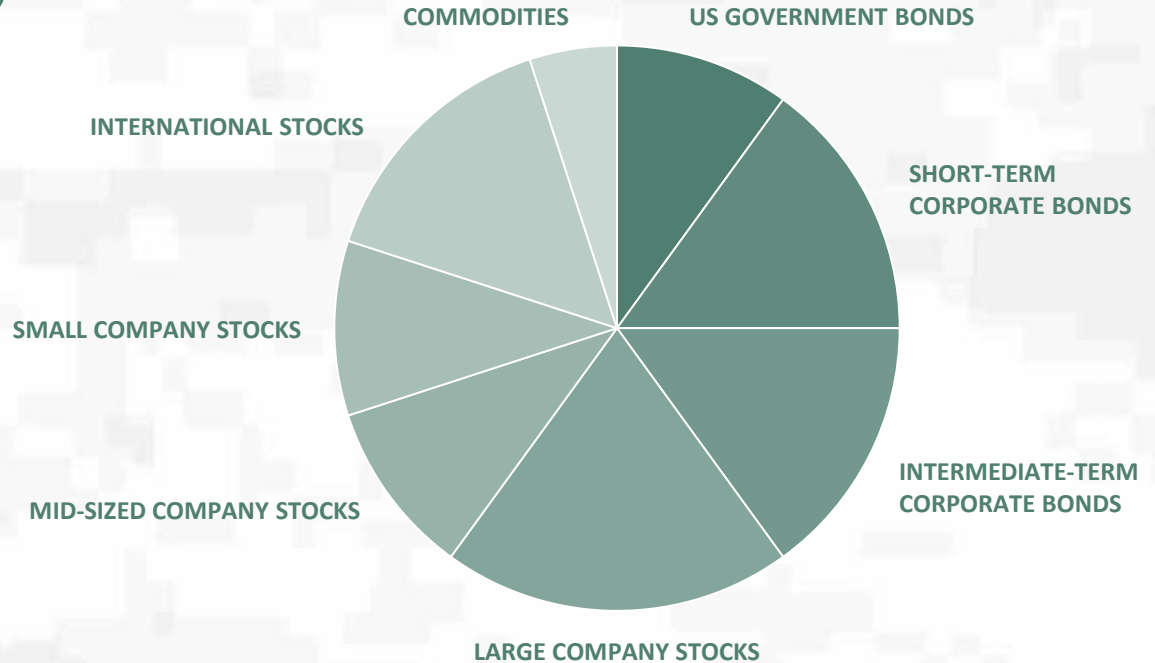
Small/Med/Large Co. Stocks
U.S./Foreign Stocks
Oil/Gold/Grains
REITs/Real Property

(This is simply an illustration of the general relationship between various asset classes. Some investments will not align with this model.)

WHAT IS INVESTING?

EXAMPLE PORTFOLIO

THE MIX MATTERS



WHY INVEST?

WHY INVEST?



MIGHT **OUTPACE INFLATION**



MIGHT **EARN MORE AND ACCUMULATE MORE**



SAVING ALONE
MIGHT **NOT BE ENOUGH**

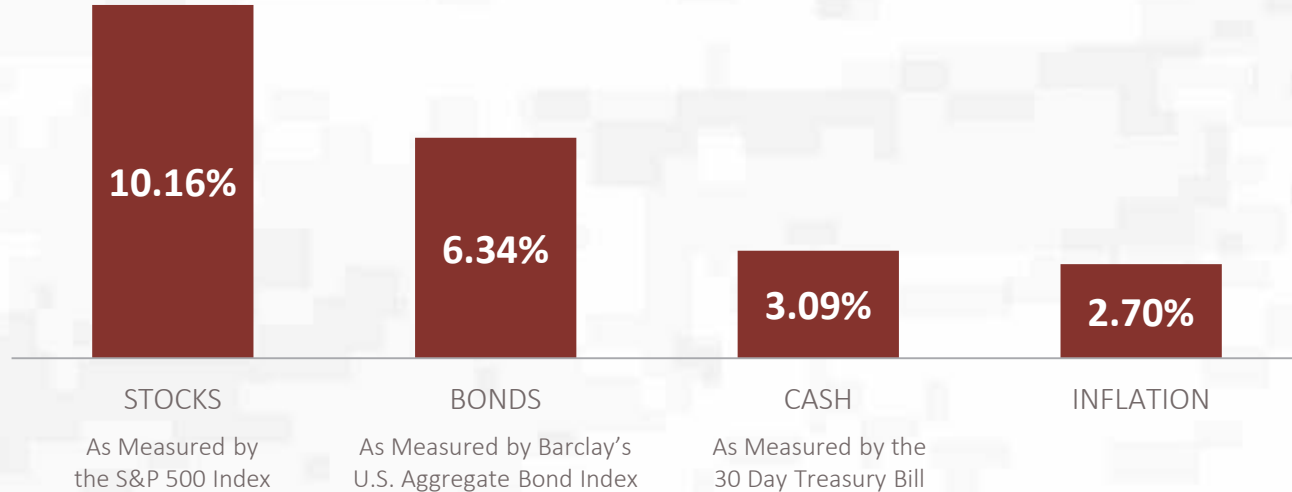


THE **BIGGER YOUR RETURN,**
THE **LESS YOU HAVE TO SET ASIDE**



WHY INVEST?

LOOKING BACK



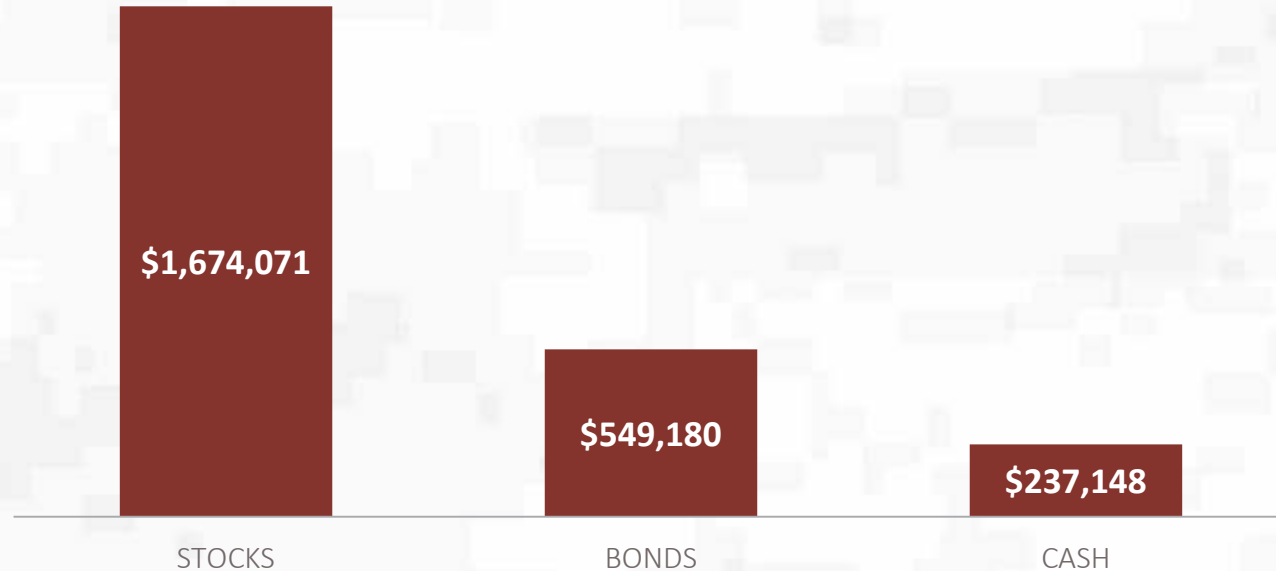
**REMEMBER...
AVERAGES DON'T
EQUAL GUARANTEES!**

**STOCKS LOST OVER
20% IN 2002 AND
ALMOST 40% IN 2008.**

Ibbotson Associates, Morningstar Direct total return data for the 30 year period, 1/1/1988 – 12/31/2017. Inflation data from Bureau of Labor Statistics (www.bls.gov/data). Past performance is no guarantee of future results.

WHY INVEST?

LOOKING **FORWARD** (HYPOTHETICALLY)



ASSUMPTIONS

- » **\$250 per month** invested
- » Average annual return from previous slide
 - » Stocks: 10.16%
 - » Bonds: 6.34%
 - » Cash: 3.09%
- » 40 year time frame

Past performance is no guarantee of future results.

HOW TO INVEST?

HOW TO INVEST?

INDIVIDUAL **SECURITIES** (STOCKS AND BONDS)



RELATIVELY **EASY TO DO**



CHALLENGING TO **DO WELL**

- » What to Buy?
- » What to Pay?
- » When to Sell?
- » How to Diversify?

HOW TO INVEST?

MUTUAL FUNDS



POOL **INVESTOR MONEY**



ACTIVELY OR
PASSIVELY **MANAGED**



STATED **INVESTMENT OBJECTIVE**



FEEES CAN
VARY WIDELY

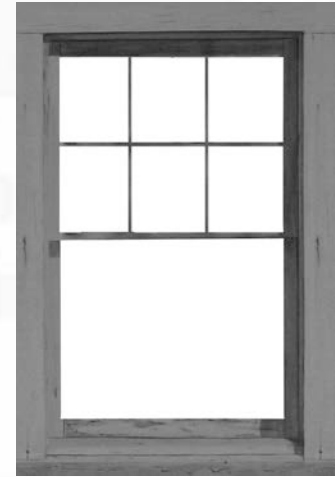


OWN MANY
SECURITIES



RELATIVELY **EASY**

EXAMPLE

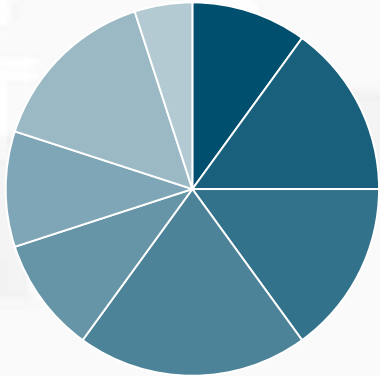


HOW TO INVEST?

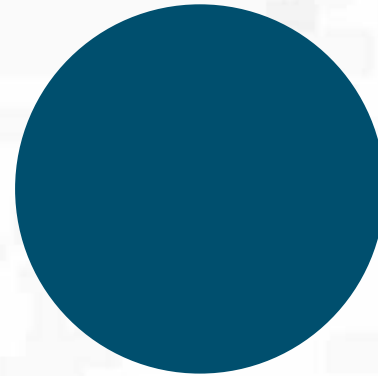
BUILD YOUR OWN

SPREAD THE **RISK**

USE A FUND



DIVERSIFIED

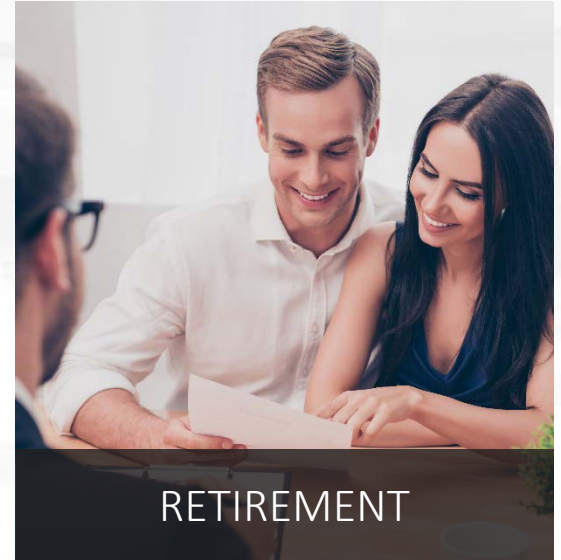


NOT
DIVERSIFIED

WHERE TO INVEST?

WHERE TO INVEST

ACCOUNT TYPES



WHERE TO INVEST

THRIFT SAVINGS PLAN (TSP.GOV)



MILITARY **RETIREMENT PLAN**



10 FUND **CHOICES**



EASY **TO USE**



ROTH & TRADITIONAL **OPTIONS**



LOW **FEES**



AUTOMATIC / MATCHING
CONTRIBUTIONS **UP TO 5%** (BRS)

WHERE TO INVEST

KNOW YOUR **PLAN**



SOLIDIFY
YOUR GOALS



KNOW **WHAT'S**
NEEDED



WEIGH **THE**
ALTERNATIVES



PICK
A PATH

THINGS TO CONSIDER

THINGS TO CONSIDER

01 | START **EARLY**

05 | DON'T “**SET IT AND FORGET IT**”

02 | **AUTOMATE**

06 | BE CAREFUL **WHO YOU FOLLOW**

03 | WATCH **EXPENSES**

07 | DON'T **SWING FOR THE FENCE**

04 | **HANG IN THERE**

QUESTIONS?

THANK YOU!

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EXTENDED
PRESENTATION
AGENDA

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“WHEN DOES
INVESTING
MAKE SENSE?”

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INVESTMENT
QUILT

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EXCHANGE
TRADED FUNDS
(ETFs)

AGENDA

- 01 **WHAT** IS INVESTING?
- 02 **WHEN** DOES INVESTING MAKE SENSE?
- 03 **WHY** INVEST?
- 04 **HOW** TO INVEST?
- 06 **WHERE** TO INVEST?
- 07 **THINGS** TO CONSIDER

**WHEN DOES INVESTING
MAKE SENSE?**

WHEN DOES INVESTING MAKE SENSE?



ADEQUATE **EMERGENCY FUNDS**



RISK / POTENTIAL REWARD
TRADEOFF UNDERSTOOD



ADEQUATE **INSURANCE**



LONG ENOUGH **TIME FRAME**



NO (OR LOW)
HIGH-INTEREST DEBT

WHEN DOES INVESTING MAKE SENSE?

IS YOUR TIME FRAME **LONG ENOUGH?**

LOWER RISK
LOWER RETURN
SHORTER TIME FRAME

HIGHER RISK
POTENTIALLY HIGHER RETURN
LONGER TIME FRAME



Cash:

Typically used for goals less than 3 years away or for those desiring safety.

Bonds:

Typically best if you have at least 3 years, sometimes longer for certain bond types.

Equities:

Typically shouldn't use unless time frame is at least 5 years, preferably 7 to 10 years or longer.

WHAT IS INVESTING?

PERFORMANCE OF
**STOCKS, BONDS,
 AND CASH ASSETS**
 LISTED FROM HIGHEST
 PERFORMANCE TO LOWEST

	2011	2012	2013	2014	2015	2016	2017
INVESTMENT GRADE BONDS	EMERGING MARKETS	U.S. SMALL CAP	U.S. LARGE CAP	INVESTMENT GRADE BONDS	U.S. SMALL CAP	EMERGING MARKET STOCKS	
HIGH YIELD BONDS	INTERNATIONAL	U.S. LARGE CAP	INVESTMENT GRADE BONDS	CASH	HIGH YIELD BONDS	U.S. SMALL CAP	
CASH	U.S. SMALL CAP	INTERNATIONAL	U.S. SMALL CAP	INTERNATIONAL	EMERGING MARKETS	U.S. LARGE CAP	
U.S. LARGE CAP	HIGH YIELD BONDS	HIGH YIELD BONDS	HIGH YIELD BONDS	U.S. LARGE CAP	U.S. LARGE CAP	INTERNATIONAL	
U.S. SMALL CAP	U.S. LARGE CAP	CASH	CASH	U.S. SMALL CAP	INVESTMENT GRADE BONDS	HIGH YIELD BONDS	
INTERNATIONAL	INVESTMENT GRADE BONDS	INVESTMENT GRADE BONDS	EMERGING MARKETS	HIGH YIELD BONDS	INTERNATIONAL	INVESTMENT GRADE BONDS	
EMERGING MARKETS	CASH	EMERGING MARKETS	INTERNATIONAL	EMERGING MARKETS	CASH	CASH	

HOW TO INVEST

EXCHANGE TRADED FUNDS (ETFs)



TRADED **LIKE STOCKS**



MOST ARE **PASSIVELY MANAGED**



INVESTMENT OBJECTIVE
SIMILAR TO MUTUAL FUNDS



TYPICALLY LOWER FEES
THAN MUTUAL FUNDS