# Investing Made Simple Participant Guide





January 2023



## Introduction

Do you remember when you learned how to drive? The feel of the steering wheel in your hands, learning to work the pedals without looking, keeping an eye on your speed, staying in the lines. How many hours did you practice before you felt like you were good at it? Probably a lot.

Today, you may also know how important it is to set up a voluntary savings for retirement, but you're not sure what your options are or how to get started. Maybe you're just fearful that you won't understand how to manage your own funds.

### Fear no more

Investing Made Simple takes concepts that may have seemed intimidating in the past and breaks them down into easyto-understand chunks. In this workshop, we show you how managing your own retirement investing can be easy and hassle free.

## **Investing Made Simple**

account management.

2. Let me invest: Choose your own investment mix, use Selfdirected brokerage.

## Brainstorming: What investment tool will you most likely use?

Use the space below to list the tools best suited for you.

## 1. Invest for me: arget Retirement Date Fund, Professional

Kayla comes from a family of teachers and has always known that is what she wants to do. She is now in her third year of teaching. She wants to take advantage of extra savings since she is young and has a long time horizon (years she can invest before retiring).

Kayla would like to take advantage of compound growth over time by investing more aggressively when she is young. As she gets closer to retirement, she wants to make sure her investments are insulated from market ups and downs, so she has less risk of losing money.

## Kayla's key information:

- » Kayla is 30 years old.
- » She would like to retire at age 60.
- » Kayla will assume a 7% rate of return until she reaches age 45 (15 years), a 6% rate of return between age 45 and 55 (10 years), and 5% rate of return from age 55 to 60 (5 years).
- » Note: For questions 2, 3, and 4, use the "Future Value of an Investment calculator"

## **Case Study Questions:**

- 1. Why is Kayla more concerned about the ups and downs of the market later in her career, when she is older?
- 2. What will her account balance be at age 45 if she contributes \$200 per month? (Total investment over 15 years: \$36,000; 7% rate of return assumed.)

- 3. Starting with the balance from guestion 2, what would her over the next 10 years; 6% rate of return assumed.)
- 4. Starting with the balance from guestion 3, what would continues with \$200 per month (Account Balance + an of return assumed).
- 5. What tools can Kayla use to make sure her investment mix

## **Action Steps**

- 1. Log on to your account
- 2. Select an investment path
- 3. Review and rebalance investment mix every year
- 4. Fill out the participant survey

Kayla

account balance be at age 55 if she continues contributing \$200 per month? (Account Balance + an additional \$24,000

Kayla have in her 401(k) by her retirement age of 60 if she additional \$12,000 over the final 5 years of her career, 5% rate

matches her risk tolerance as she gets closer to retirement?



### Go to www.coperaplus.org and log in to your PERAPlus account.





### MY PLANS

PERAPlus 401(k) Plan Ŧ

### ACCOUNT INFORMATION

Account overview

Balance Rate of return Transaction history Statements and documents Beneficiaries Manage bank accounts Upload documents

### INVESTMENTS

My investments Investment lineup Brokerage



## [<mark>∕</mark> Let investment professionals create and manage your personalized investment strategy. Learn more Do it for me

\*Note – You can also use this process to periodically rebalance your account, or you can select Automatic Account Rebalancing

# How to Set a Path





## How to Set Your Own **Investment Mix**

2. In "Transfer To," enter the percentage in each fund to transfer to. The combined percentages in 'Transfer To' must total

Percentage transfers from each fund can be from 1% to 100%. If you request a specific dollar transfer from a fund, please note that dollar transfer requests cannot exceed 90% of the balance in the fund based on the fund's previous closing price. In the event that the requested dollar amount exceeds the next closing balance in the fund due to market fluctuations, the transfer request will not be processed. A new request will need to be submitted. Percentage transfers are not subject to the 90% fund transfer dollar market fluctuation restriction. To confirm the status of a specific request, you can view processed transactions on the "Transaction history" page the following business day. If your requested transaction is not reflected on the "Transaction history" page or on the "My investments" page via the "View/Manage my investments" link as a pending

# **Case Study Answer Key**



## Kayla

- 1. Kayla is more concerned about higher risk investments when she is older because if there are major losses, she will have less time to recover those losses before retirement.
- 2. Using the "Future Value of an Investment" calculator, Kayla should have \$62,220 if she averages 7% growth and invests \$200 per month.
- 3. Using the "Future Value of an Investment" calculator again, with a starting account balance of \$62,220 from guestion 2, Kayla should have \$143,921 by the time she is 55 years old if she averages 6% growth from age 45 to 55.
- 4. Using the "Future Value of an Investment" calculator again, with a starting balance of \$143,921, Kayla should have \$197,246 by the time she retires at age 60.
- 5. The simplest and most cost-effective way for Kayla to manage her investment mix is to use the Target Retirement Date fund. The Target Retirement Date fund automatically adjusts the mix of investments in the fund to be more conservative as you get closer to your selected retirement date. She could also choose her own investment mix from the PERAdvantage funds and use the free online advice tool.