



Invest in investments

Investment vehicles

Now that you're saving, consider investing some of your money. Here are three basic investment types:

- **Bonds.** You're loaning money to the government and the government agrees to pay you interest. Bonds have very little risk, but also have a lower payout.
- **Stocks.** By owning a small portion of a company, you make money from profits (dividends) the company makes and changes in the stock price. Stocks have the potential for earn more than bonds, but there is a higher risk of losing some, or all of your money, as well.
- **Mutual Funds.** These are a collection of stocks and bonds. One big advantage is that these funds are strategically created by financial professionals. You're more likely to get better returns because the funds are professionally designed. These are less risky than individual stocks, but not as likely to produce big returns.

Consider hiring a financial advisor. By hiring a local advisor, you have an expert helping you make financial decisions and teaching you about investing. Online brokers are also available and offer good deals, but typically don't provide much investment advice.

Employer defined contribution plans

An employer defined contribution plan is a benefit you should consider if your employer offers a 401k, 403(b) or 457. This plan allows you and your employer to invest money for you to use as income after you retire.

You decide how much money to contribute and your company invests it through a payroll deduction. This money is taken out *before* your taxes, so it decreases your taxable income. You don't owe any taxes on the money until you take it out of the account when you retire.

Many employers offer an employer matching contribution. If you can afford it, contribute enough so you get the full amount of the employer match. Otherwise you're turning down free money!

Take Action

Name: _____

Describe your next steps for your investment strategy. If you're already investing, share what you're currently doing. If you're just getting started, what will you do now? If you aren't ready to invest, no problem! Share your next steps for a financial future.
