

“Money Matters – Be Smart With Your Money”



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2009 Annual National Convention**

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The Vanguard Story

- **Vanguard Began Operations May 1, 1975:**
 - “A new type of mutual fund company”
 - 11 Mutual funds and \$1.8 billion in assets
 - 350,000 shareholder accounts
 - 50 employees based in Malvern, PA
- **Vanguard Today:**
 - “Provider of comprehensive investment management services”
 - Over 150 domestic funds and more than 50 funds in foreign markets
 - Nearly \$1 trillion in assets
 - 9 million shareholders
 - More than 12,000 employees at 3 U.S. locations as well as offices in Europe, Asia and Australia



Being smart with your money: Five Steps

Manage your
DEBT

Establish an
**EMERGENCY
FUND**

Continue to
SAVE for
RETIREMENT

Manage **RISK**
with
INSURANCE

Manage your
MONEY with a
BUDGET

- *“A big part of financial freedom is having your heart and mind free from worry about the what-ifs of life.”* [Suze Orman](#)
- *“I don't think of myself as a poor deprived ghetto girl who made good. I think of myself as somebody who from an early age knew I was responsible for myself, and I had to make good.”* [Oprah Winfrey](#)



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- 2007 credit card statistics:
 - **\$9,840** = average American household credit card debt
 - **19%** = average interest rate
 - **4** = average # cards/consumer
 - **40%** = spend more than earned
 - **\$18.1 Billion** and **\$40.7 Billion** = late fees and industry profits
- Living within your means:
 - Manage your lifestyle
 - “Wants verses needs”
 - The “best” buying decision
- Manage your credit cards:
 - Reduce the number of cards
 - Use a debit card

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- Funds to accommodate unplanned events:
 - *“Stuff happens”*
 - *6 to 8 month’s living expenses*
 - *Your “rainy day” fund*



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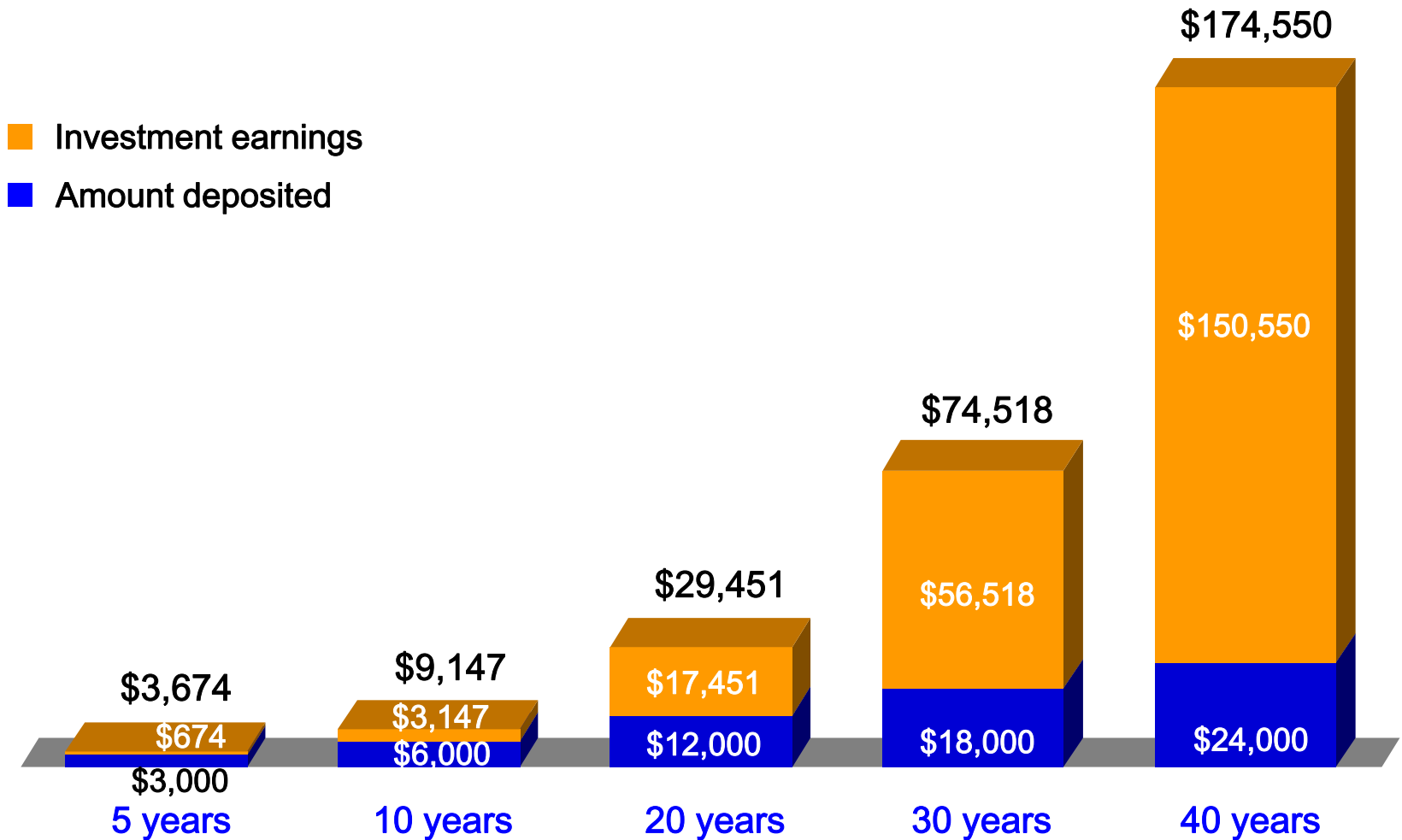
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- *“Life is full of uncertainties. Future investment earnings and interest and inflation rates are not known to anybody. However, I can guarantee you one thing.. those who put an investment program in place will have a lot more money when they come to retire than those who never get around to it.”* Noel Whittaker
- Saving now, not later:
 - Age 25: \$2,000/yr x 40 years = **\$518,000**
 - Age 35: \$2,000/yr x 30 years = **\$227,000**

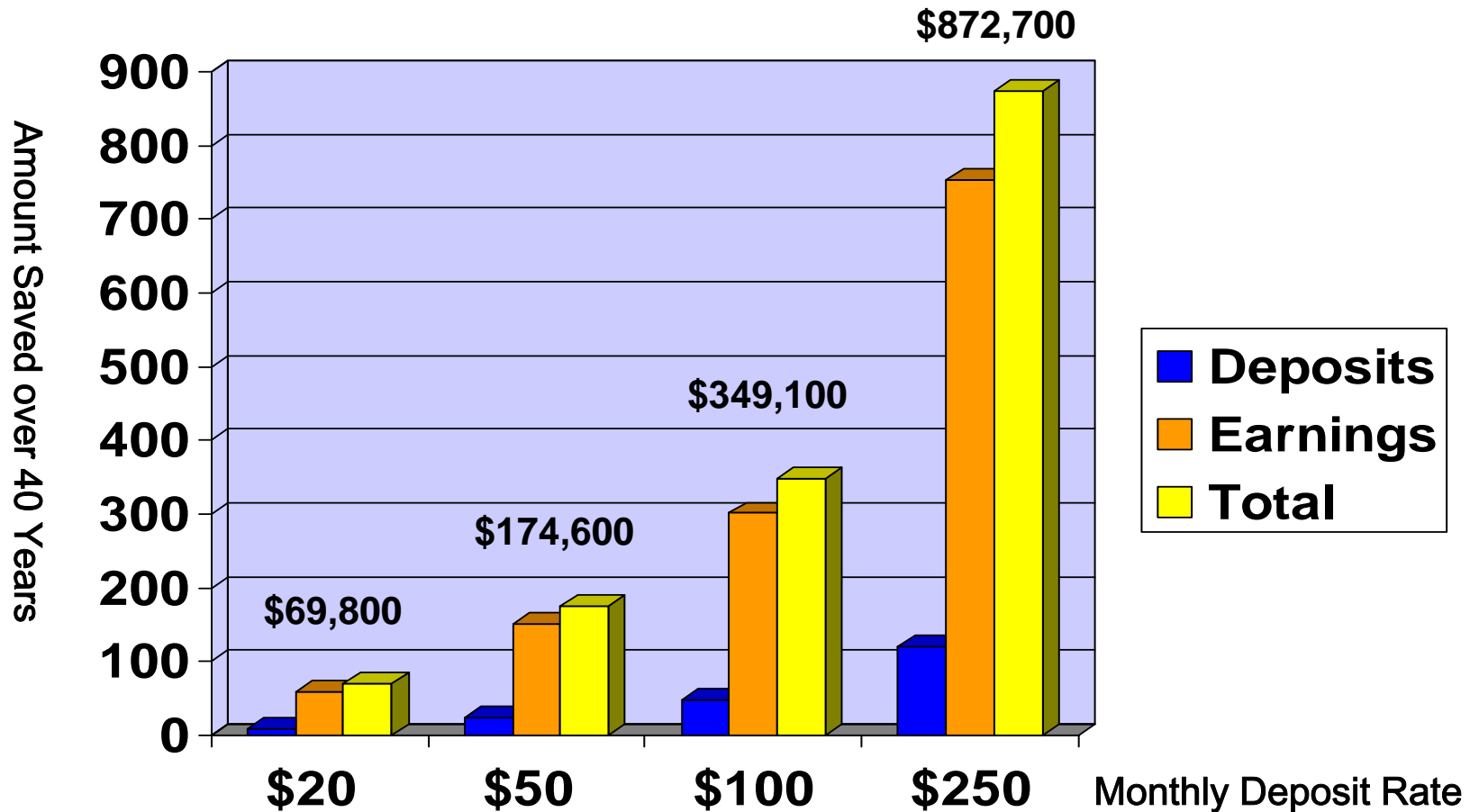
Assumes savings of \$2000 a year and an 8% average annualized rate of return. This example is hypothetical and does not represent the returns from any particular investment.

The Power of Compounding



Assumes savings of \$50 a month and an 8% average annualized rate of return. This example is hypothetical and does not represent the returns from any particular investment.

“Keep working and keep saving”



Assumes savings each month and an 8% average annualized rate of return. This example is hypothetical and does not represent the returns from any particular investment.

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- Take full advantage of your employer sponsored retirement plan
- Reality check:
 - $\$15,000 \times 4\% = \600 annually
 - This equals $\$50$ per month
 - Which equals $\$1.64$ per day
- Borrowing from your savings has a downside:
 - Taxes, taxes, taxes
 - Lost opportunity
 - $\$10,000$ loan that cost $\$217,245$

Examples assume earnings based upon an 8% average annualized rate of return. These examples are hypothetical and do not represent the returns from any particular investment.

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- Insurance:
 - *Auto*
 - *Health*
 - *Life*
 - *Property*
- Some “best practices”:
 - *Do your homework*
 - *Buy only what you need*
 - *Understand what is covered and what is not*
 - *Shop around for the best service, support and cost*



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- Put your money to work for you:
 - Prepare and use a budget
 - Determine what \$\$\$ is available to spend
 - Determine where you are spending \$\$\$ now
 - Set goals for spending and saving
 - Establish rewards for yourself



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Questions and Discussion



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THANK YOU

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