


SASE X SIC FINANCIAL LITERACY WORKSHOP




STUDENT INVESTMENT CLUB (SIC)

Student Investment Club is a financial literacy education organization whose goal is to educate our members on long term wealth generation strategies

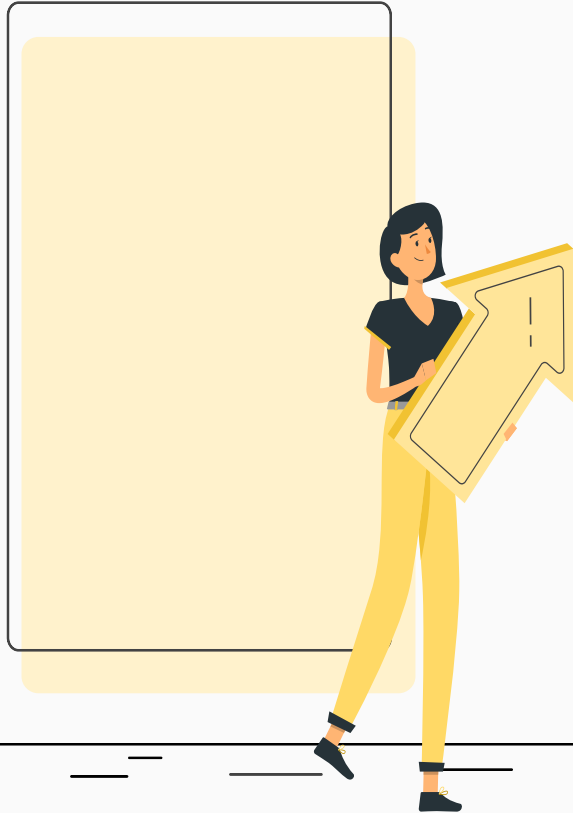
Meetings include GBMs, Workshops, Socials, and Guest Speakers

 [uf_sic](#)

 [UF Student Investment Club](#)



WHAT ARE THE MAJOR IDEAS FOR PERSONAL FINANCE?



1 HOW TO MAKE MONEY



Employment, Passive income, Shareholder distribution ...

2 WHAT TO DO WITH MONEY



Spending, Investing (SIC), Paying off debts ...

3 HOW TO PROTECT YOUR MONEY



LLCs, Trusts, Insurance ...

INFLATION

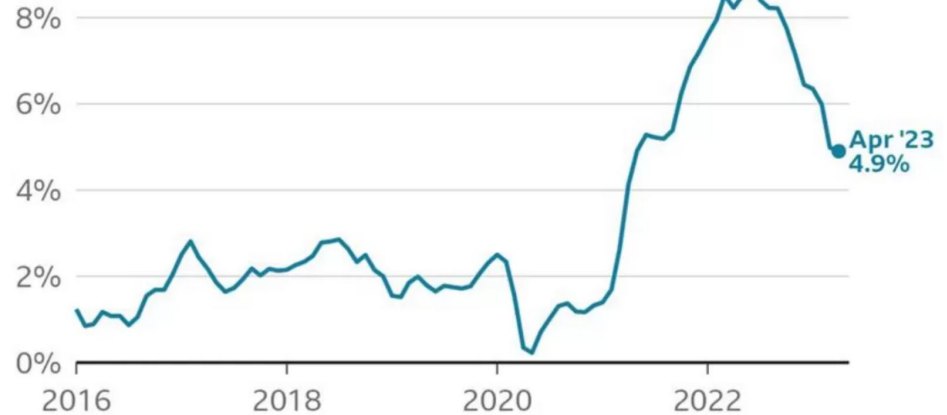


INFLATION INFORMATION

- Represents spending power of the dollar
- Federal Funds Rate is used to manage inflation (Cost of borrowing)
- Historical average is 2-3%
- The Federal Reserve's main priority

US inflation at 4.9%

Consumer Price Index for all urban consumers,
% change from a year ago



Source: US Bureau of Labor Statistics

SCENARIO I:

I just entered college, and I just turned 18.
What should I do to prepare myself financially?

Open a checking or savings account and
apply for credit cards



CHECKING VS SAVINGS ACCOUNTS



SIMILARITIES

- Two types of bank accounts that make managing money easier!
- Benefits: FDIC Insurance, Interest, Signing bonus, Easy Accounting, Protection ...
- Cons: Balance minimums, deposit minimums, other limitations ...



CHECKING ACCOUNT

- Meant for Spending Money
- Flexible: no transaction limits, deposit minimums, etc.
- Lower interest rates
- Debit cards and checks
- Automated Payments



SAVINGS ACCOUNT

- Meant for Saving Money
- Protective: Transactions are limited by month
- Higher interest rates
- Linkable with Checking Accounts

CREDIT VS DEBIT CARDS



SIMILARITIES

- Two types of cards used to make spending money easier!
- Both are tied to financial institutions



CREDIT CARD

- Spending borrowed money
- Fair Credit Billing Act (FCBA)
- Credit limit
- Rewards and Perks
- Builds Credit Score











DEBIT CARD









- Spending your own money
- Protected by PIN
- Limited by balance (daily limits may apply)
- ATMs

NERDWALLET - CREDIT CARD RECOMMENDATIONS

Earn Cash Back, Pay Down Debt, or Rake In the Miles — These Nerd-Approved Cards Have Something for Everyone From Our Partners

Credit card	NerdWallet rating [®]	Annual fee	Rewards rate	Intro offer	Learn more
 Wells Fargo Active Cash* Card	★ 5.0 /5 Excellent for Cash Back — High Flat Rate + Incentives	\$0	2% [Ⓢ] Cashback	\$200 [Ⓢ]	APPLY NOW  on Wells Fargo's website Rates & Fees
 Chase Freedom Unlimited*	★ 5.0 /5 Excellent for Cash-Back Pairing with Chase Sapphire Preferred*	\$0	1.5%-6.5% [Ⓢ] Cashback	\$300 [Ⓢ]	APPLY NOW  on Chase's website
 Capital One SavorOne Cash Rewards Credit Card	★ 5.0 /5 Excellent for Dining and Groceries + No Annual Fee	\$0	1%-10% [Ⓢ] Cashback	\$200 [Ⓢ]	APPLY NOW  on Capital One's website Rates & Fees
 Chase Sapphire Preferred* Card	★ 5.0 /5 Excellent for Airline Miles and a Large Bonus	\$95	1x-5x [Ⓢ] Points	60,000 [Ⓢ] Points	APPLY NOW  on Chase's website

Best College Student Credit Cards From Our Partners

Credit card	NerdWallet rating [®]	Annual fee	Rewards rate	Intro offer	Learn more
 Discover it Student Chrome	★ 5.0 /5 Best for Simplicity and value	\$0	1%-2% [Ⓢ] Cashback	Cashback Match™ [Ⓢ]	APPLY NOW  on Discover's website, or call 800-347-0264 Rates & Fees
 Capital One SavorOne Student Cash Rewards Credit Card	★ 5.0 /5 Best for Bonus cash-back categories	\$0	1%-10% [Ⓢ] Cashback	\$50 [Ⓢ]	APPLY NOW  on Capital One's website Rates & Fees
 Discover it Student Cash Back	★ 4.6 /5 Best for Rotating bonus categories	\$0	1%-5% [Ⓢ] Cashback	Cashback Match™ [Ⓢ]	APPLY NOW  on Discover's website, or call 800-347-0264 Rates & Fees
 Bank of America Travel Rewards credit card for Students	★ 4.6 /5 Best for Travel rewards (for those with established credit)	\$0	1.5x [Ⓢ] Points	25,000 [Ⓢ] Points	APPLY NOW  on Bank of America's website

WHAT IS CREDIT SCORE?



WHAT IT IS USED FOR

- Used to predict someone's likelihood of being able to repay debt
- Useful for loans (car, house, etc.)
- A criteria for getting new credit cards



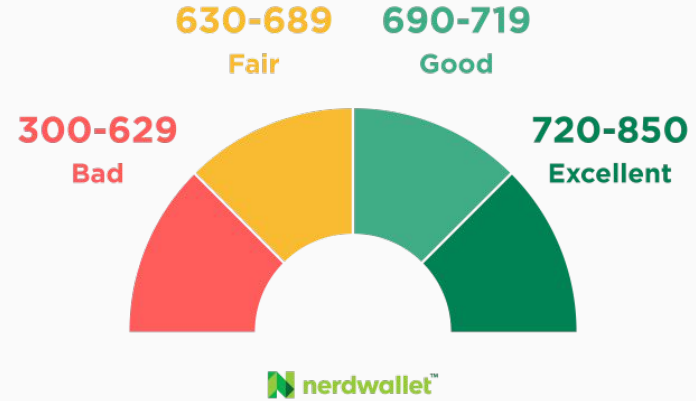
HOW TO IMPROVE IT

- Pay off your debt!
- Don't overutilize your credit limit
- Building credit score takes a lot of time



WHAT HURTS IT

- Holding credit for a long time
- Not paying your interest payments



SCENARIO II:

I just earned \$8,000 from a summer internship
What should I do to make the best use of my
money?

Invest in a Roth IRA, and budget it
accordingly



BUDGETING



50% - NEEDS

- Groceries, housing, transportation, insurance, utilities ...



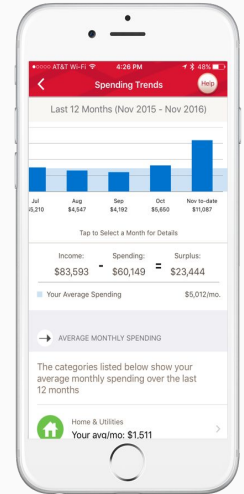
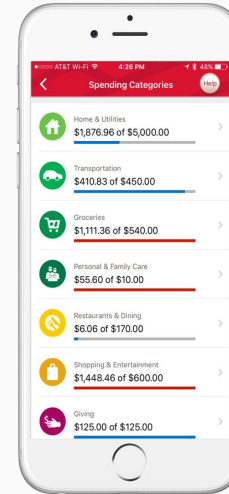
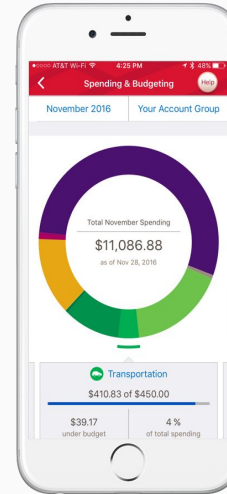
30% - WANTS

- Travel, entertainment, gifts, luxuries ...



20% - INVESTMENTS AND SAVINGS

- Groceries, housing, transportation, insurance, utilities ...

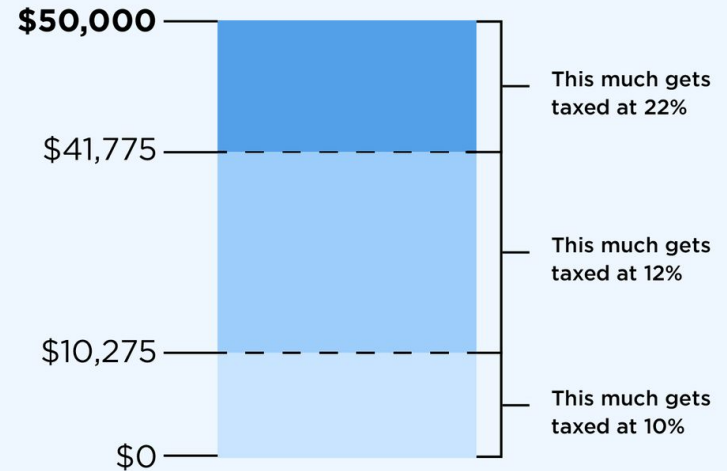


INCOME TAXES

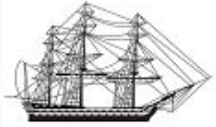
2023 tax brackets: single filers

Tax Rate	Taxable income bracket	Tax owed
10%	\$0 to \$11,000.	10% of taxable income.
12%	\$11,001 to \$44,725.	\$1,100 plus 12% of the amount over \$11,000.
22%	\$44,726 to \$95,375.	\$5,147 plus 22% of the amount over \$44,725.
24%	\$95,376 to \$182,100.	\$16,290 plus 24% of the amount over \$95,375.
32%	\$182,101 to \$231,250.	\$37,104 plus 32% of the amount over \$182,100.
35%	\$231,251 to \$578,125.	\$52,832 plus 35% of the amount over \$231,250.
37%	\$578,126 or more.	\$174,238.25 plus 37% of the amount over \$578,125.

Example #2 Taxable Income: \$50,000



ROTH IRA VS STANDARD BROKERAGE



Vanguard[®]

**JPMORGAN
CHASE & CO.**



MERRILL
A BANK OF AMERICA COMPANY

charles SCHWAB



ROTH IRA

- Pay tax now, don't pay later
- Grows tax free
- Qualified withdrawals are tax free
- Contributions are limited to \$6,500
- Penalty for distributing early (10%)



STANDARD BROKERAGE

- Pay taxes now, pay capital gains tax later
- Does not grow tax free
- No contribution limitations
- Can distribute whenever you want

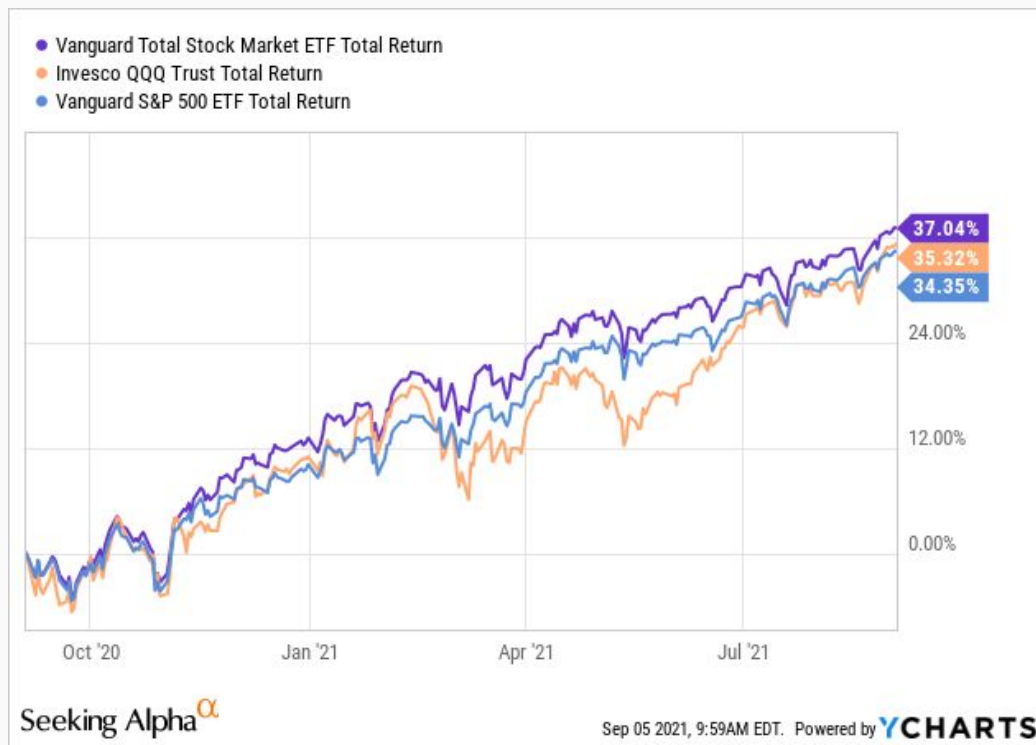
AN EXCHANGE-TRADED FUND (ETF) IS A BASKET OF SECURITIES THAT TRADES ON AN EXCHANGE JUST LIKE A STOCK DOES

VANGUARD TOTAL STOCK MARKET INDEX (VTI)

INVESCO QQQ TRUST (QQQ)

SPDR S&P 500 ETF TRUST (SPY)

VANGUARD S&P 500 ETF (VOO)



COMPOUND INTEREST CALCULATOR

INVESTMENT CALCULATOR (CALCULATOR.NET)



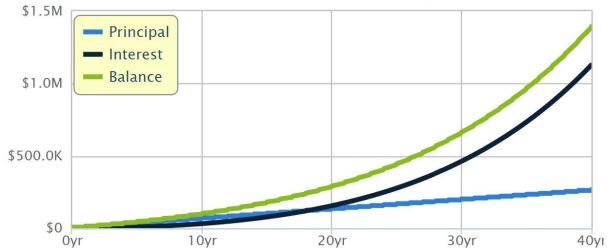
Modify the values and click the Calculate button to use

End Amount	Additional Contribution	Return Rate	Starting Amount	Investment Length
Starting Amount	\$6,500			
After	40 years			
Return Rate	7 %			
Compound	annually			
Additional Contribution	\$6,500			
Contribute at the <input type="radio"/> beginning <input checked="" type="radio"/> end				
of each <input type="radio"/> month <input checked="" type="radio"/> year				
Calculate				

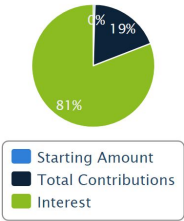
Results

End Balance	\$1,394,962.20
Starting Amount	\$6,500.00
Total Contributions	\$260,000.00
Total Interest	\$1,128,462.20

Balance Accumulation Graph



Breakdown



SCENARIO III:

I just received a full-time job offer.
What are the things that I need to know to reach
financial freedom?

Think about retirement plans (401k,
Traditional IRA), housing, and taxes



HOUSING



MORTGAGES

- Used for buying a house
- Recommendation: You can only afford a house that is no more than 3x your annual income
- Lock in a lower mortgage rate if possible
- Predominantly based on credit score and income

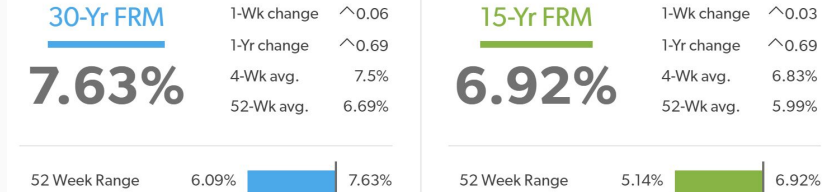


HOME EQUITY LINE OF CREDIT (HELOC)

- Taken out against property value
- Recommendation: Typically used to cover more costly debts (credit cards, start-ups, etc.)
- Easier to take out than a mortgage, but may cost more
- Variable interest rates

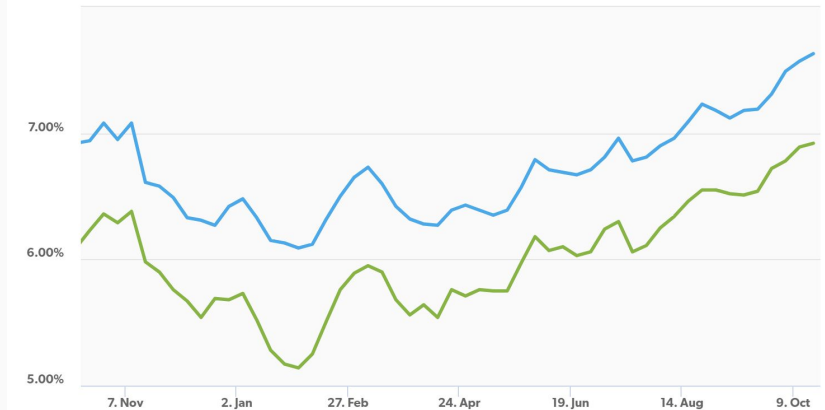
Primary Mortgage Market Survey®

U.S. weekly averages as of 10/19/2023



Zoom 1Y 3Y 5Y 10Y All

10/19/2022 - 10/19/2023

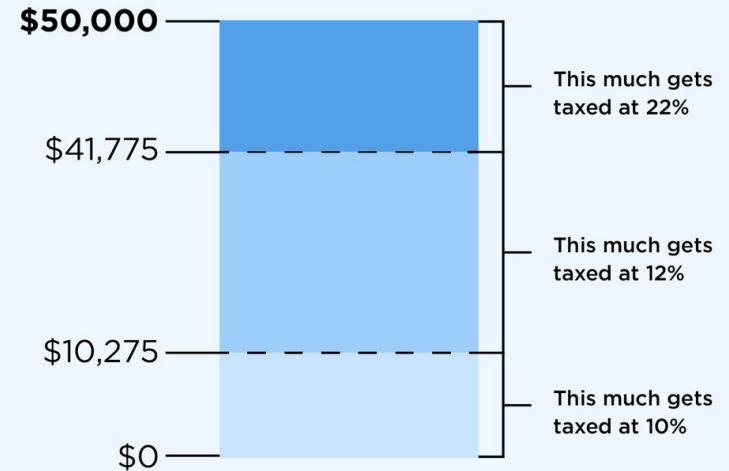


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Example #2 Taxable Income: \$50,000



RETIREMENT PLANS SUMMARIZED



TRADITIONAL IRA

- Investments are tax-deferred
- \$6,500 contribution limit
- Grows tax free (no capital gains tax)
- Withdrawals count as income



401(K)

- Investments are tax-deferred
- Employer matching (Differs based on employer)
- Grows tax free (no capital gains tax)
- Withdrawals count as income

Ways To Save Beyond A 401(k): Comparing Your Investment Options

Features	IRA	Roth IRA	Brokerage	401(k)
Contributions Grow Tax-Deferred	✓	✓	✗	✓
Funded With Pre-Tax Dollars <i>* Income limits apply</i>	✓*	✗	✗	✓
No Annual Contribution Limits	✗	✗	✓	✗
Available To Anyone ¹	✓	✗	✓	✗
No RMDs At Age 70 1/2	✗	✓	✓	✗
No Early Withdrawal Penalties	✗	✗	✓	✗
Stepped-Up Tax Basis For Heirs	✗	✗	✓	✗
Added Tax Diversification	✗	✓	✓	✗

1: Contributions to an IRA, Roth IRA, or 401(k) cannot exceed account owner's earned income. Regular contributions to a Roth IRA subject to income phase-out (in 2019: \$122,000 - \$137,000 (single); \$193,000 - \$203,000 (married)). 401(k) plans must be employer-sponsored and eligibility rules will vary based on the plan. Different rules may apply to children under the age of 18 and may vary by custodian.

For general information only and not to be misconstrued as the rendering of personalized financial, accounting, tax, or legal advice.

Source: [Darrow Wealth Management](#)

SCENARIO IV:

Open floor

Propose any scenario or ask any financial related questions

We won't tell you what companies to invest in because that is for you to decide :)

