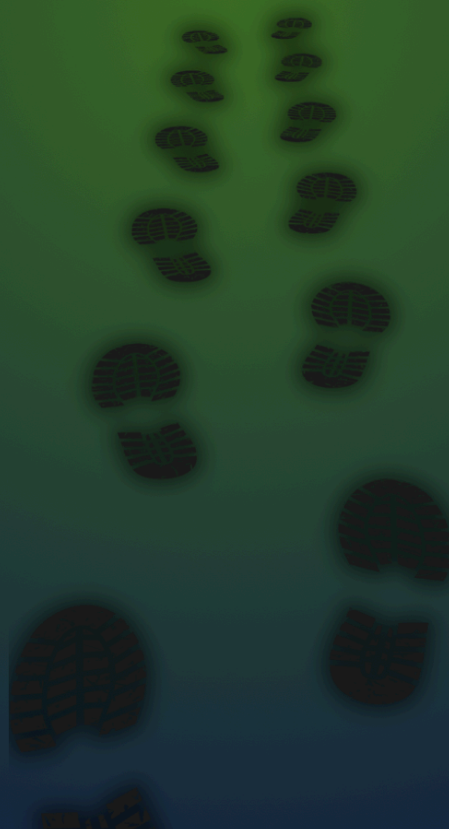




WealthPath

“A Journey Uniquely Yours”



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Effective November 12 2025

Disclaimer

This course is lengthy and is for serious learners who want to build wealth through IRAs—(Roth or Traditional) .Expect to take your time with this guide, have a seat, grab a snack with no distractions around and pay attention.

This course is also for **educational purposes only** and is not financial, legal, or investment advice. Investing carries risk, including the possible loss of money, and past performance does not guarantee future results.

Other ways and options to invest, such as taxable brokerage accounts, 401(k)s, and HSAs, are not the focus here. Before investing, do your own research, understand the risks, only invest what you can leave long-term, consider consulting a licensed financial advisor, and remember you are **fully responsible for your financial decisions**.

IRAs are highlighted because they provide tax advantages, freedom to choose investments, build Wealth and a simple setup for beginners.



By the end of this course, you will understand

- Why investing beats saving for long-term wealth
 - How Traditional & Roth IRAs work
 - How stocks, ETFs, mutual funds, bonds & dividends function
 - How to build a professional portfolio step-by-step
 - How to avoid common beginner mistakes
 - How to invest with confidence and discipline
 - How your mindset is essential to building wealth
 - instead of trying to beat the market you own the market.
-

Introduction

Welcome to WealthPath's curated course, just for you 🙄! Your personal journey to financial knowledge and action lies here with us and we're glad to have you

along . At WealthPath it's about **empowerment, clarity, and building the life you've imagined** . Every lesson is designed to guide you step by step, turning complex concepts into practical tools you can use today. Whether you're taking your first steps into investing through IRAs , exploring strategies to grow your wealth, or mastering the mindset of financial confidence, WealthPath is here to illuminate that path for you .

Your journey starts now — and every small step forward you take brings you closer to **financial freedom, security, and the confidence** to make informed decisions. Let's turn ambition into action and knowledge into lasting success . Remember.....

"Your Journey is the investment - Every Choice Compounds"

💬 *Hey — before we dive in, here's something important to know :*

You don't need to be rich to start investing, but you do need some resources before you start. Even \$50-\$100 a month can be enough to begin investing .

What matters more than the amount is **"consistency" and "patience"** 😊. It's not

about getting rich overnight, it's about building wealth steadily **over time**. To start investing as a beginner, you need to identify your financial goals, choose the right investment account, and select a diversified mix of investments like stocks and bonds. It's also very important to understand your risk tolerance and time horizon to make informed decisions.

Here are some Universal Principles for All Ages :

- **Diversification** : Don't put all your eggs in one basket. "Spread" your investments across different asset classes (stocks, bonds, real estate etc).
- **Low-Cost Investing** : Prioritize "low-fee" index funds and ETFs. High fees erode your returns significantly over time.
- **Time Horizon** : Your strategy is dictated by "when" you will need the money. A longer horizon allows for "more" risk.
- The further away you are from retirement and the longer you plan to keep your money invested before withdrawing it, the more risk you should take, so the greater your **stock allocation** percentage should be (e.g., 100 percent stocks/0 percent bonds or 90 percent stocks/10 percent bonds).
- The closer you are to retirement and the sooner you need to live off your investment balance, the less risk you should take, so the greater your **bond allocation** percentage should be (e.g., 70 percent stocks/30 percent bonds, 60 percent stocks/40 percent bonds, or 40 percent bonds/60 percent stocks).

- ***Avoid Market Timing***: Consistently investing (dollar-cost averaging) is more reliable than trying to guess market highs and lows.

Write these 6 points down , They're Important for you to remember 😊.

Course 1 : Building Wealth from the Inside Out

Money vs. Wealth : Understanding the Foundation

Before we can truly build wealth, it's crucial to understand the distinction between money and wealth. Though often used interchangeably, they are fundamentally different:

- Money is “a tool” — *a medium* of exchange that allows us to purchase goods and services.
- Wealth is what “you own” — *assets* that generate value, such as investments, real estate, or businesses.

💬 Consider this : spending all your money on things that depreciate keeps you financially static. “Investing” that same money into “assets” that appreciate or generate income is what puts you on the path to financial independence 😊. Wealth is built by “compounding” assets, not by accumulating spending power.



The Invisible Force Behind Every Financial Decision

Money isn't just numbers in a bank account or cash in your wallet. It's a mirror of your mind, "reflecting" your **beliefs, emotions, and behaviors**. Two people earning the same income can end up in vastly different financial realities — not because of knowledge, but because of psychology.



Mastering money begins with mastering “yourself”. When you understand your **emotions, beliefs, and cognitive biases**, you move from financial reaction to financial intention, from surviving to strategically building wealth.

Emotions and Money: The Hidden Drivers

Money triggers some of the strongest human emotions: fear, pride, guilt, security, envy, and hope. These emotions often guide financial decisions more than logic ever could.

- Fear → selling investments too early
- Greed → holding investments too long
- Pride → refusing to admit mistakes
- Hope → ignoring risk

The key is not to eliminate emotions but to recognize them 🧐. Emotional awareness allows you to feel and act with discipline, turning instinctive reactions into intentional choices.



Behavioral Biases That Shape Decisions

Our brains rely on mental shortcuts, known as cognitive biases, which often distort financial decisions. Awareness of these biases helps prevent costly mistakes:

1. **Overconfidence Bias** – Believing you are smarter or luckier than reality allows, leading to excessive risk or ignoring diversification.
2. **Loss Aversion** – The pain of losing money outweighs the joy of gaining it, prompting avoidance of smart risks or clinging to losing investments.
3. **Herd Mentality** – Following the crowd during booms or crashes, often buying high and selling low.
4. **Anchoring** – Fixating on initial information (like a stock's previous high) while ignoring new data.
5. **Confirmation Bias** – Seeking information that confirms your beliefs and dismissing opposing evidence.

Recognizing these patterns allows you to step back and evaluate objectively. Wealthy individuals don't lack emotion—they question their impulses before acting.

Mindset and Wealth: What You Believe, You Build

Your money mindset was shaped long before your first paycheck — influenced by upbringing, culture, and personal experiences. Limiting beliefs such as:

- “Money is hard to earn.”

- “Rich people are greedy.”
- “I’m not good with numbers.”

...can unconsciously block financial growth. Wealth begins in the mind. To shift your mindset:

- Reframe wealth as a tool, not a trophy.
- Align your financial decisions with purpose.
- Focus on building value, not accumulating vanity assets.

Psychological Traps That Block Growth

Even knowledgeable individuals can fall into traps that stall financial progress:

- **Lifestyle Inflation** – Spending more as income rises, keeping you in the same financial loop.
- **Short-Term Gratification** – Prioritizing immediate pleasure over long-term prosperity.
- **Comparison** – Measuring success against others instead of your own goals.
- **Financial Avoidance** – Ignoring budgets, bills, or investments due to anxiety.

Breaking these cycles requires self-awareness, structure, and patience.

Implement systems like automated investing, savings rules, and written goals to keep emotion from overriding your plan.

Reprogramming Your Money Mindset

Building wealth starts with taking ownership of your financial story. Transform your approach through three deliberate shifts:

1. From Scarcity to Abundance – Focus on opportunities, not limitations.
Money flows where confidence and purpose exist.
2. From Emotion to Logic – Make decisions based on research, not impulse or rumor.
3. From Reaction to Intention – Act with a long-term vision, not short-term feelings.

Wealth is not a sprint—it's a marathon of composure 😊. Financial mastery begins with emotional mastery First , Every dollar you earn, save, or invest reflects **discipline, belief, and vision**. You may not be able to control the economy or market cycles, but YOU CAN control your behavior and that is your most powerful asset. The journey to wealth is more than numbers, it's a **mental and emotional evolution** only a few are able to accomplish . Money, when

guided by purpose and psychological awareness, becomes the vehicle for freedom and opportunity.

Money Management

“Control money, or it controls you.”

Most people never learn the language of money — they only learn to spend it. Which is what we need to change 🙌. From the moment we earn our first paycheck, we’re pulled into a cycle of consumption: bills, wants, comfort, and impulse. The system trains us to work for money, not with it.

But money is more than paper or numbers on a screen. It’s a form of energy — potential that either flows toward your goals or away from them. How you manage that flow determines the difference between freedom and frustration 🧐.

This chapter isn’t about budgeting apps or spreadsheets. It’s about understanding yourself through your money. Because how you “handle” money reveals how you handle life: **your patience, your discipline, your fears, your vision.**

1. Awareness: The Power of Seeing Clearly

The first step toward control is awareness. Most people avoid looking too closely at their finances because they’re afraid of what they’ll see — the missed

opportunities, the unnecessary expenses, the patterns that feel hard to change. But awareness is never the enemy. Ignorance is.

You must Track everything.

Not obsessively but “intentionally”.

Write down what you spend for 30 days. Don't judge, don't justify. Just observe .

What you'll notice isn't just numbers. You'll see **patterns**: what triggers your spending, what truly brings you joy, and what doesn't.

Money tells the story of your priorities. Once you see that story, you can rewrite it.



2. Allocation: Telling Your Money Where to Go

Every dollar you earn has a purpose. The question is: who decides what that purpose is — you or your habits 🤔?

Financial peace doesn't come from earning more; it comes from giving your money a plan. A simple structure — not rigid, but intentional — transforms chaos into clarity.

Think of your income as a river. Without channels, it floods and disappears. With design, it nourishes every area of your life.

A healthy flow might look like this:

- Essentials (60%) – What sustains your life and health.
- Growth (20%) – What builds your future: investments, savings, debt payoff.
- Lifestyle (20%) – What brings joy, comfort, and experience.

You can adjust the percentages, but the principle remains: give your money direction. Every dollar that isn't guided will find its own way — usually out of your pocket 😬.

3. Automation: Discipline Without Effort

Human willpower is unreliable, that's why systems matter. The wealthiest people in the world don't make better choices every day; they automate better choices.

Set your savings and investments to happen automatically after payday. Treat them like bills you owe your future self.

Automation turns good intentions into consistent results.

When saving becomes automatic, you remove emotion from the equation. You're no longer negotiating with yourself every month — you've already decided what matters 😊.

4. Leverage: Making Money Work for You

Money is a worker — a loyal one, if managed well. But it can only work when YOU stop treating it like a fleeting reward and start treating it like a partner.

Invest early, even if the amounts are small. Compound growth rewards TIME more than talent. The first \$100 you invest is your seed — your proof that you can plant instead of consume.

Use debt carefully. Debt can build empires or destroy them; it's neutral. What matters is what it creates. Borrow to build assets, not appearances.

Wealth isn't built on how much you make, but on how efficiently your money multiplies.

5. Mindset: The Silent Multiplier

At the heart of every financial transformation is a mental one.

Money responds to mindset.

A scarcity mindset says, "I can't afford this."

An abundance mindset asks, “How can I afford this wisely?”

Scarcity clings, abundance creates. Scarcity fears loss, abundance focuses on growth.

Your relationship with money reflects your relationship with control, value, and self-belief. If you see money as something you chase, you’ll always feel behind. But if you see it as something you direct, it will follow your intentions.

Wealth is not built in the bank account — it’s built in the mind 🧠.

Now that we worked on your mindset & money management skills, before we get into the rest of the guide here are some mistakes people make when investing and WealthPath wants to help you avoid them

1. Not Starting Early

- The mistake: Waiting to invest until “you have enough money.”
- Why it hurts: Time is your greatest ally in compounding growth. Even small amounts grow significantly over decades.
- Example: Investing \$100/month at age 25 could grow to ~\$200k by 60. Waiting until 35 might leave you with just ~\$80k. The earlier you start the

better 😊.

2. Carrying High-Interest Debt While Investing

- The mistake: Jumping into investing with high-interest debt (credit cards, payday loans etc).
- Why it hurts: Debt grows faster than most investment returns.
- Example: A \$5,000 credit card balance at 20% interest could cost \$1,000+ per year in interest—hard to beat with investments.

3. Chasing “Hot Stocks”

- The mistake: Buying a stock because it’s trending or hyped online, never do this .
- Why it hurts: Popularity fades, and losses can pile up.
- Example: Many who bought meme stocks in 2021 at peak hype lost 50–80% of their investment.

How Does a Meme Stock Work?

The meme stock cycle has often been described as the following:



Early Adopter Phase

A few investors believe a stock to be undervalued and begin to buy it at large quantities, which causes the price to slowly rise.



Middle Phase

Other investors notice increase in volume and begin to buy, which causes the price to skyrocket.



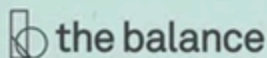
Late/FOMO Phase

More retail investors join in as word spreads online. Fear of missing out causes the price to rise higher.



Profit-Taking Phase

Buying peaks and early investors begin cashing out. People fear losing money, creating a chain reaction. The price falls.



4. Ignoring Diversification

- The mistake: Putting all your money in one stock, sector, or asset.
- Why it hurts: A single bad investment can wipe out gains.
- Example: Owning only tech stocks in 2000 meant huge losses during the dot-com crash.

The dot-com bubble crash occurred in the early 2000s when the stock market, particularly the Nasdaq index, experienced a dramatic decline after a period of excessive speculation in internet-based companies. This bubble peaked in March 2000 and saw the Nasdaq drop from

over 5,000 to around 1,139 by October 2002, leading to the bankruptcy of many startups and significant financial losses for investors.

So when constructing your portfolio you should never put all your eggs in one basket this is proof 😊.

5. Overlooking Fees & Commissions

- The mistake: Not checking the fees of funds or brokers.
- Why it hurts: High fees eat into your returns over decades.
- Example: A 2% annual fee on \$50k over 30 years could cost over \$50k in lost returns!

6. Trying to Time the Market

- The mistake: Waiting for the “perfect moment” to buy or sell.
- Why it hurts: Predicting the market consistently is nearly impossible.
- Example: Missing the market’s best 10 days can cut 50%+ of your potential gains over 20 years.

7. Lifestyle Inflation Before Building Wealth

- The mistake: Spending more as income rises, leaving little to invest.
- Why it hurts: Wealth building slows down significantly.
- Example: A \$10k raise can disappear in a bigger car or fancier dinners instead of investments.

8. Emotional Investing: Fear & Greed

- The mistake: Buying when markets are euphoric or selling in panic.
- Why it hurts: Emotions lead to poor timing and potential losses.
- Example: Selling during a market dip in 2020 would have missed a 50%+ recovery in a year.

But Hey , Mistakes are part of learning, but knowing these pitfalls gives you a massive head start 😊. By avoiding them, you're already ahead of most beginners 🤪.

Course 2: Why Investing Beats Saving

The Problem With Just Saving

Most people grow up hearing: “Save your money, Save your money , don’t spend it 😓.” Saving is important and it keeps you safe in emergencies. But here’s the problem:

A savings account pays you maybe 0.01%–1% interest per year.

Inflation (the rising cost of living) usually runs around 2%–3% per year.

That means your money in the bank is actually losing value over time. \$1,000 today may only buy \$800 worth of goods 2 years from now.

Why Investing Changes Everything ??

When you invest, your money doesn’t just sit around and lose value, it works for you 😊.

Money is a tool and Money is your starting point for building wealth through investing. You exchange your money for “assets” that can grow, earn income, or

appreciate over time.

Whether it's stocks, bonds, or real estate, your money becomes a wealth-building engine 💰.

. Stocks, ETFs, and funds have historically returned **7%–10%** per year on average.

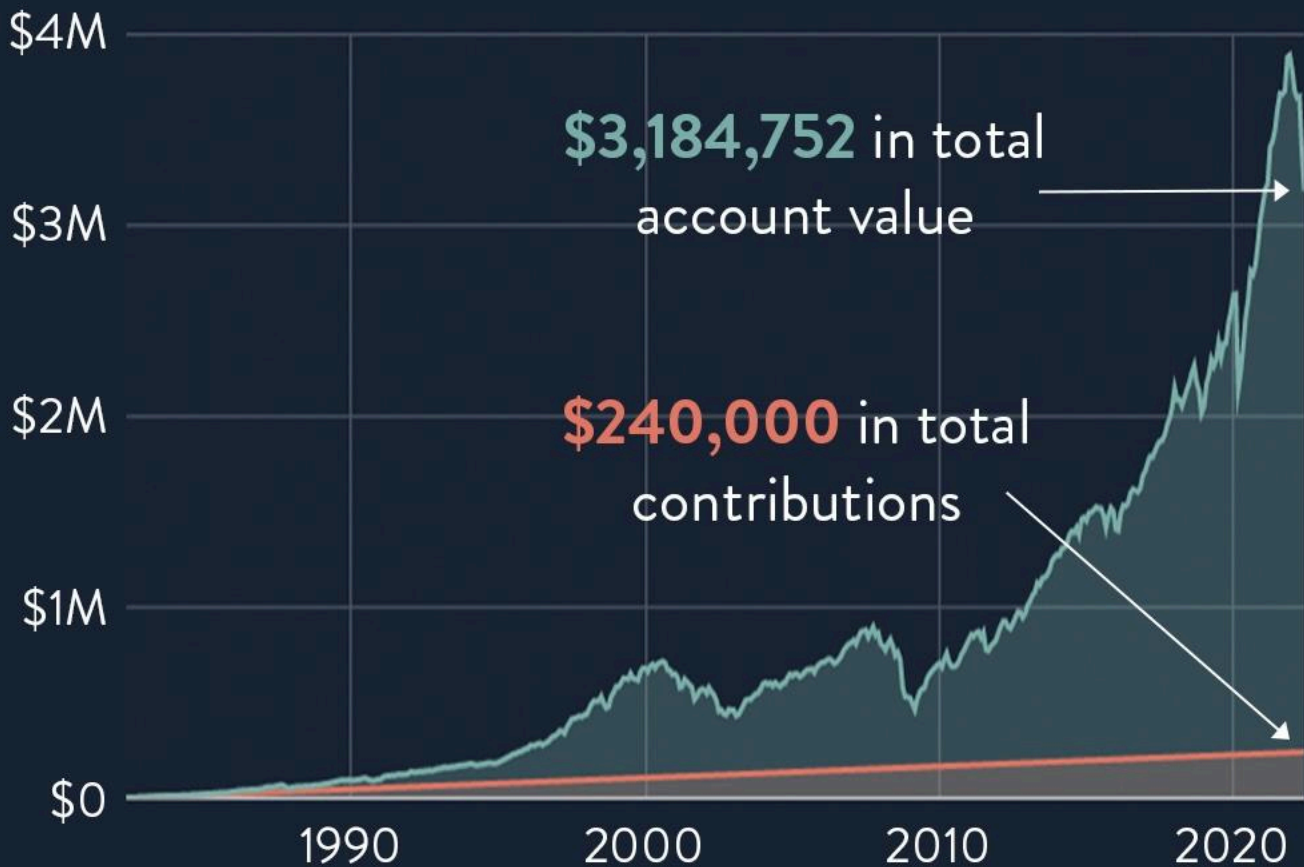
That might not sound huge to you now , but over TIME, it's life-changing , that's the power of compound growth 😊.

The Power of Compound Growth

Compound growth is when your money earns interest... and then that interest earns interest. Check out the graph below 👉 :

COMPOUND GROWTH

Investing **\$500/month** for the last 40 years resulted in \$3M. Almost all of this is from **compound growth**.



Source: S&P 500, including dividends

For Example:

Let's say you invest \$100 per month into the stock market.

The Average return = 8% per year.

After 30 years, you wouldn't just have \$36,000 (your contributions).

You'd have ~\$135,000.

That's almost 4x your money — just by letting TIME do the heavy lifting. So you see TIME does the heavy lifting , you just need to stay to course by being consistent and allowing compounding to work it's magic, it's slow and steady NOT quick gains 😊.

The Boring strategy is usually the winning one , Just saying 🙌😊.

Course 3: Getting Started — What You Need Before

Investing

Before you start investing, you'll need to set a solid foundation. Think of it like building a house: if the base isn't stable, the whole house can collapse. You wouldn't want that Right? No 🙌

So....

Step 1. Build you an Emergency Fund

Investing is for long-term growth, **not quick money**, but it's all dependent on your goals. life happens — car repairs, medical bills, unexpected expenses etc . Before you invest you'll need a savings or emergency fund to protect yourself. Keep 3–6 months of expenses in a simple savings account with a High yield %. This ensures you don't have to sell your investments early when you need cash.

Step 2. Manage High-Interest Debt First

If you're paying 20% interest on a credit card, no stock market return can beat that : Pay off debt with interest higher than 6–7% before investing heavily, if you don't have any debt don't worry your fine 👍 .

Step 3. Know Your Budget

Investing doesn't require thousands up front. Start small , even \$50–\$100 per month can grow into tens of thousands over time. Treat investing like a bill. Automate it so it happens every month. For Example every time you get a paycheck automatically set money aside that you'll invest . Like paying a bill .

Step 4. Understand Your Risk Tolerance

Investing always carries risk. The market goes up and down — sometimes fast.

Ask yourself:

Would I panic if my \$500 investment dropped to \$400 tomorrow?

Am I willing to wait 5–10 years before touching this money?

If you answered “yes” to waiting long-term, you’re already in the right mindset 😊.

Course 4: Stock Market Basics

What Is a Stock?

A stock (or share) — represents a small fractional ownership stake in a company. When you buy a stock, you become a part-owner of that business 😊. The U.S. stock market is broadly classified to help investors understand their unique characteristics.

These classifications fall into two main areas:

- the company's Size (Market Capitalization), which relates to “stability”
- and its Style (Investment Characteristics), which relates to the potential “risk and return”.

Stock = ownership in a company



Here are some Stock examples :

- Apple (AAPL) – Known for iPhones, Macs, and strong global brand.



- Microsoft (MSFT) – Major software and cloud company.



- Amazon (AMZN) – Leader in e-commerce and cloud computing.



- Coca-Cola (KO) – Popular consumer brand with steady dividends.



- Johnson & Johnson (JNJ) – Healthcare giant with consistent growth.



- Procter & Gamble (PG) – Household products (Tide, Pampers, etc.).



- Walmart (WMT) – Retail leader and consistent performer.



These are all “individual” stocks 😊.

Understanding Stock Types: Size and Style

Part I: Classification by SIZE (Market Capitalization)

Market Capitalization (Market Cap) is the “total dollar value” of a company’s outstanding shares and is the primary way the U.S. market is broken down by size. This classification helps define a stock’s inherent “stability” and “risk level”.

Large-Cap

- Market Cap: Over \$10 Billion
- Characteristics: The biggest, most established, and most recognizable companies (ex: Apple, Microsoft). Mature business models, long track records.
- Risk/Return: Lower risk. Potential for consistent dividends + stable long-term growth.

Mid-Cap

- Market Cap: \$2 Billion to \$10 Billion
- Characteristics: Companies past the startup phase but still growing fast and expanding. Maturing into larger players.
- Risk/Return: Moderate risk. Balanced mix of stability + higher growth potential.

Small-Cap

- Market Cap: \$300 Million to \$2 Billion
- Characteristics: Smaller or newer companies, often niche or new technology focused. Less researched by Wall Street analysts.
- Risk/Return: Higher risk + more volatility. Potential for very high returns if they succeed.

Micro-Cap

- Market Cap: Under \$300 Million
- Characteristics: The smallest publicly traded companies. Can be illiquid, highly speculative, or very early stage ventures.
- Risk/Return: Highest risk + highest volatility. Best for only very aggressive investors.

Part II: Classification by STYLE (Investment Approach)

The style classification defines the underlying “investment strategy” — *why* an investor would purchase the stock (for income, growth, stability, or value).

1. Blue-Chip Stocks

Think of these as the “big, trusted brands” of the stock market.

These are large, well-known companies that have been around for decades and have a strong record of success.

They're usually safer and more stable — like the dependable players on a sports team 😊.

Why do investors like them:

- They are Less risky than smaller companies
- They Often pay dividends 💰
- They Perform steadily even during tough economic times

📈 Examples of blue chips :

- Apple (AAPL) – Huge, global tech leader with consistent profits
- Microsoft (MSFT) – Software and cloud giant with reliable growth
- Coca-Cola (KO) – Iconic beverage company that's been stable for decades
- Johnson & Johnson (JNJ) – Big healthcare company with steady returns

■ 2. Growth Stocks

These are companies that are growing fast — even if they don't make big profits yet.

They often put all their money back into the business to expand.

Think of them as “future stars” — high potential but higher risk 🤖.

Why do investors like them:

- A Chance for big gains if the company keeps growing
- They Often lead innovation in their industries

⚠️ Watch out: Prices can swing a lot, and not all high-growth companies stay successful long-term.

📈 Examples of Growth stocks :

- Tesla (TSLA) – Rapid growth in electric vehicles
- Nvidia (NVDA) – Big player in AI and graphics chips
- Amazon (AMZN) – Keeps expanding into new areas like cloud computing

- Shopify (SHOP) – Helps businesses run online stores, fast-growing tech firm

■ 3. Value Stocks

These are “bargain” stocks — companies that might be worth more than their current price suggests.

Investors buy them because “they think” the market is underestimating them 🤖.

Why do investors like them:

- Often cheaper compared to their true value
- Good for long-term investors who have patience

📈 Examples of value stocks :

- Ford (F) – Well-known automaker sometimes undervalued compared to newer EV rivals
- Intel (INTC) – Older tech company that may be priced lower than its true worth

- Bank of America (BAC) – Big bank that trades at modest prices compared to its earnings
- 3M (MMM) – Industrial company with strong fundamentals, often viewed as undervalued

4. Dividend Stocks

These pay you regularly just for owning them — like earning “interest” from your investments.

Companies share part of their profits with investors through dividends (cash payments) 💰.

Why do investors like them:

- They Provide steady income
- They are Great for long-term wealth and passive cash flow
- They Often come from stable, mature businesses

 Examples of dividend stocks :

- Procter & Gamble (PG) – Makes everyday products (Tide, Gillette) and pays reliable dividends
- PepsiCo (PEP) – Strong snack & beverage company with consistent payouts
- Verizon (VZ) – Telecom giant known for solid dividends
- Coca-Cola (KO) – Classic dividend stock, paying investors for over 60 years straight

⚠ Remember a stock is never *just* a size or *just* a style ; it is both.

Understanding this intersection is crucial for portfolio construction.

Large-Cap stocks

- Common Style Overlaps: Blue-Chip, Dividend, or large-scale Growth
- Investment takeaway: Great for stability and income

Mid-Cap stocks

- Common Style Overlaps: Growth or Value
- Investment takeaway: Great for seeking higher growth with reasonable risk

Small-Cap stocks

- Common Style Overlaps: High-potential Growth or overlooked Value
- Investment takeaway: Great for investors seeking maximum returns and willing to accept high volatility



Tip: Diversification is key.
Instead of putting all your money into a single stock, consider building a diversified portfolio.

DIVERSIFICATION = Global exposure

US stocks 🇺🇸 + International stocks 🌍

- you might want to jot this down it's highly important for you to remember 😊.

Why Reading and Picking Stocks Is a Skill (Most People Can't or Won't Do It)

To be a true stock picker, you must:

- read balance sheets
- analyze earnings
- understand macro cycles
- track guidance
- listen to earnings calls
- compare competitors
- monitor margins
- measure valuation
- follow management decisions
- watch global events

- understand industry cycles
- read charts
- read sentiment
- understand risk
- study market psychology

That is A LOT , but if you're willing to do all of the work above , have at it 😊😊.

Most people:

- don't have the time
- don't have the interest
- don't have the research skills
- don't have professional tools
- don't have a team

This is why 95% of people should NOT pick individual stocks but it's all up to you .

Why ETFs and Index Funds Are Great ??

1. Instant Diversification

Both ETFs and index funds let you own hundreds of companies in one single investment.

If one company crashes, it barely affects you.

For Example:

If Tesla falls 30%...

the S&P 500 (ETF: VOO, Index Fund: VFIAX) barely moves at all because it has 499 other companies balancing it out.

- Diversification = protection for beginners.

So You're not betting on one company — you're owning the entire market 😊.

2. No Extensive Needed

When you buy an ETF or index fund, you automatically own a basket of companies.

So you don't need to research:

- earnings
- margins
- guidance
- competitors
- management
- product cycles
- valuations

The ETF or index fund does the work by simply:

- Owning everything — and letting the winners rise while the losers drop out.

No guesswork.

No stress.

No expert-level stock picking 😊😊.

3. Built-In Risk Reduction

Individual stocks can drop:

- 30%
- 50%
- even 80%

for reasons you can't predict 🙄.

ETFs and index funds spread that risk across the entire market.

So.....

- If one stock fails that's a small impact

- If the market rises , your whole investment rises
- If one industry slows , others carry the weight

It's the safest way to invest without being a professional.

4. Low Costs (Almost Free to Own)

Index funds and ETFs are some of the cheapest investments available because of their expense ratios:

- **VOO** expense ratio: 0.03%
- **VTI** expense ratio: 0.03%
- **VXUS** expense ratio: 0.07

An expense ratio is simply the annual fee you pay to own an ETF or any fund — and it's automatically taken out behind the scenes.

Low fees = more of your money grows over time 🤖🤖.

5. Automatically Own the Winners

Index funds and ETFs constantly adjust:

- Weak companies get removed
- Strong companies get added

This means you own the BEST companies without doing anything.

You never have to guess which businesses will win long-term — the index handles that for you.

6. Perfect for Long-Term Wealth

Historically, the total market:

- Grows over time
- Beats most stock pickers
- Survives recessions
- Recovers from crashes
- Builds wealth steadily

What actually Are, ETFs , Index Funds & Mutual Funds? 🧐

An ETF is an **exchange-traded index fund** that tracks the performance of well-known “market indices”, It’s a basket of investments — “usually stocks” — that you can buy or sell on the stock market just like a stock. Check out the photo below 📖:



When you buy an ETF, you instantly own small portions of “all” the companies inside that fund 😊.

For Example:

An S&P 500 ETF gives you ownership in 500 of the largest U.S. companies — Apple, Microsoft, Amazon, and many others — all in one simple investment.

That means:

- You don't have to pick any "individual" stocks. (Although you can if you choose to).
- Your money is automatically diversified.
- You grow alongside the overall U.S. market.

ETFs are popular because they're easy to access, affordable, and flexible. You can buy or sell them anytime the market is open, just like stocks .

What is a Index Fund & a Mutual fund ?

An index fund is simply A fund that tracks a specific market index".

United States "Market Index" examples :

- **S&P 500** - broad U.S. large-cap stocks that Represents 500 of the largest publicly traded U.S. companies and is widely considered the best gauge of the overall U.S. stock market.
- **Dow Jones industrial Average** - 30 major U.S. "blue-chip" companies one of the oldest and most frequently quoted indexes, consisting of 30 large, influential stocks.

- **Nasdaq 100** - 100 largest non-financial companies listed on the Nasdaq. A focused index representing major technology and other large-cap growth stocks.

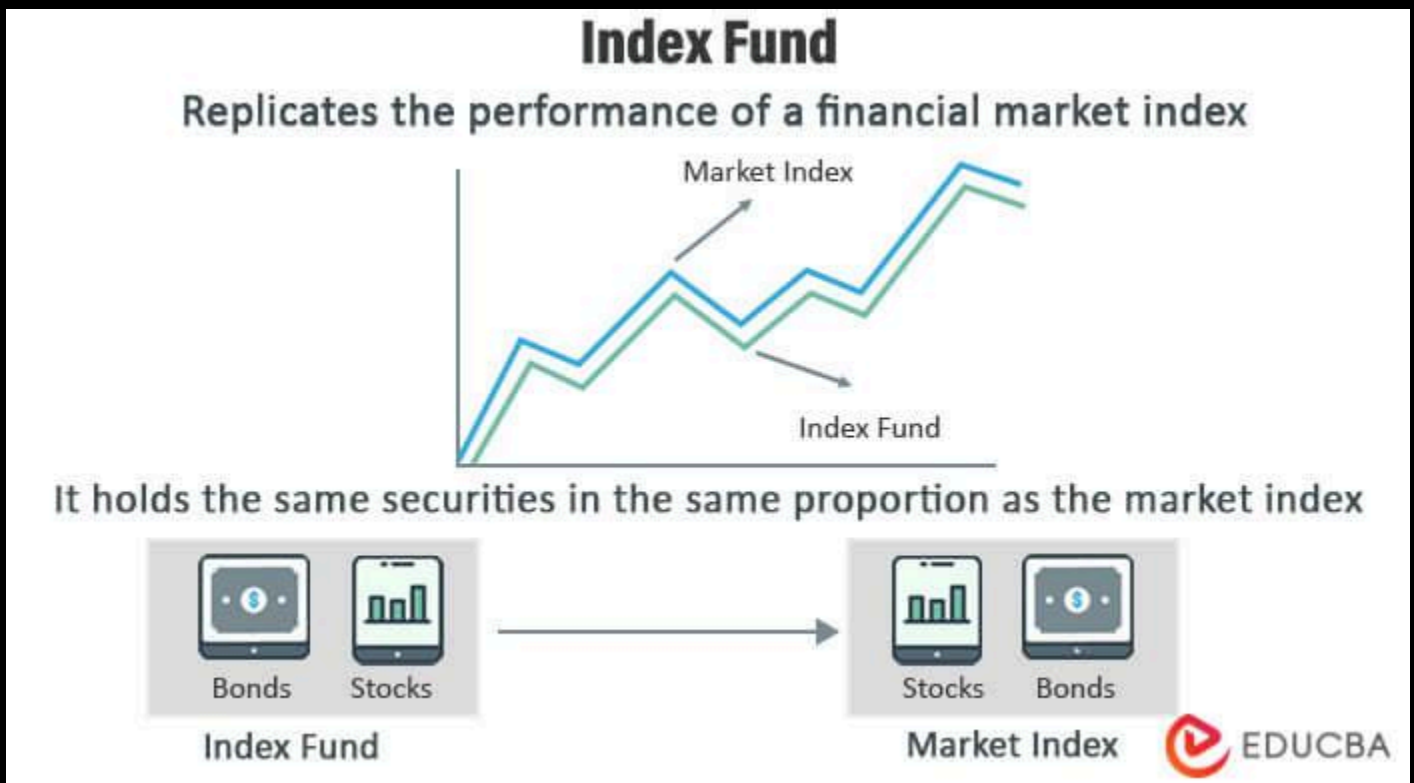
International “Market Indexes” :

- **FTSE 100** - Tracks the 100 largest companies by market capitalization on the London Stock Exchange.
- **DAX** - Represents 40 major German blue-chip companies traded on the Frankfurt Stock Exchange.
- **Nikkei 225** - Tracks 225 large, publicly owned companies listed on the Tokyo Stock Exchange.

These are all “Market Indexes”

So to point back to what an index fund is , it is A FUND , that TRACKS a specific MARKET INDEX , simple right 😊?

Check out the photo below 📷:



For example:

The Fidelity 500 Index Fund (FXAIX) is a “mutual fund” that tracks the S&P 500 market index . It aims to match the **annualized return of approximately 10%** over the long term .

We couldn't find a picture for a visual representation for this example but look at the picture above to understand this example in detail.

The market index line = S&P 500

The index Fund line = FXAIX

As you see the index fund FXAIX aims to match the performance of the S&P 500 market index of 10% .

When you invest in an index fund, you automatically own small pieces of all those companies inside 😊 . Just like an ETF .

Here are some Pros & Cons :

✓ Pros

1. Low Fees – No expensive manager; the fund just follows the market.
2. Diversified – Owns pieces of many companies at once, spreading out risk.
3. Simple to Understand – You don't have to pick or track individual stocks.(But you can if you choose to)
4. Good Long-Term Growth – Matches the overall market's performance over time.
5. Less Stress – No need to make constant investment decisions.

✗ Cons

1. No Beating the Market – You'll only match market returns, never outperform.
2. Market Ups and Downs – When the market drops, your fund drops too.
3. Less Flexibility – You can't control which companies are included — it copies the index exactly.

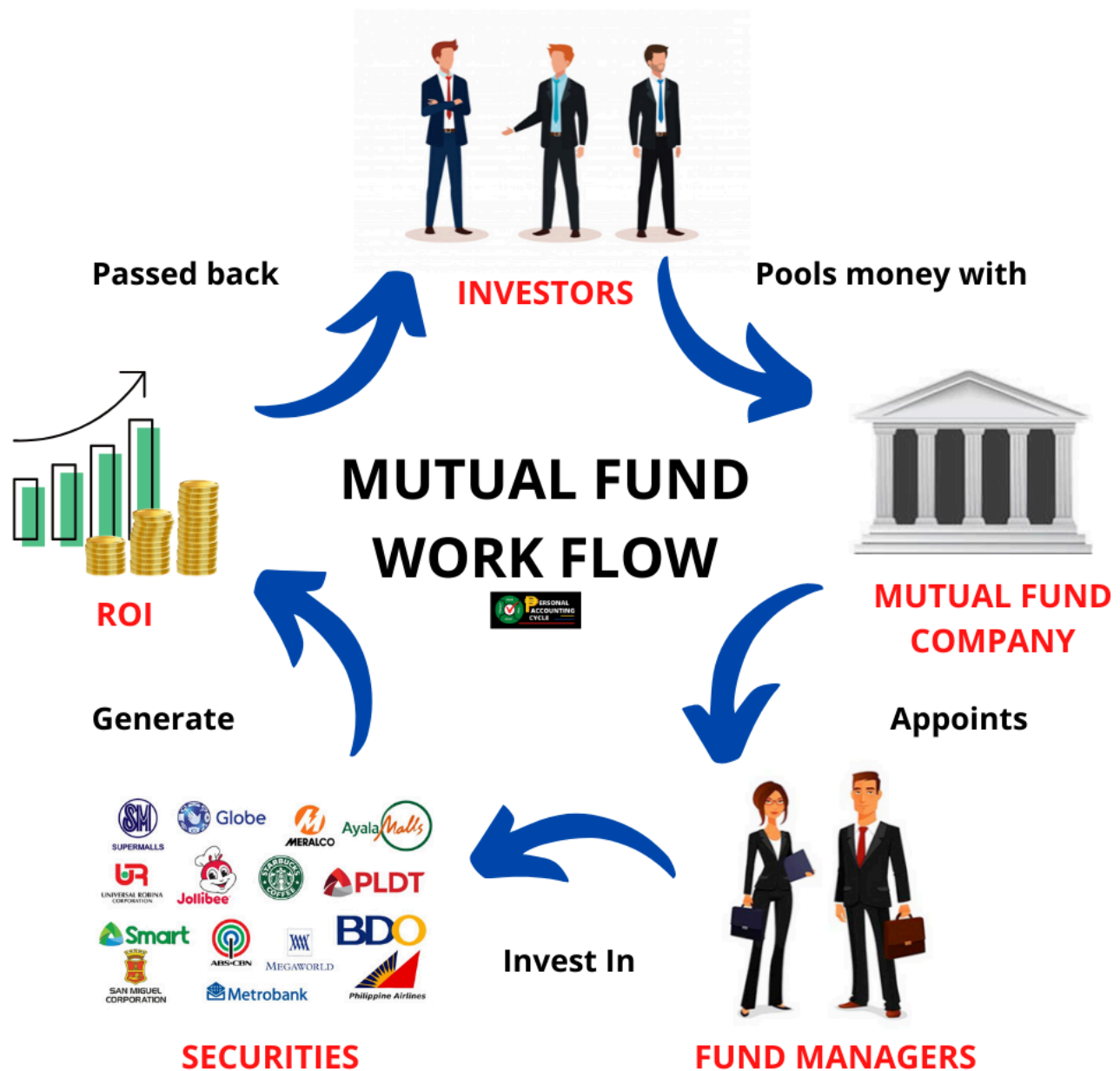
What Is a Mutual Fund?

A mutual fund is an investment fund that pools money from many investors to buy a mix of stocks, bonds, or other investments.

The fund is managed by a professional portfolio manager who decides what to buy and sell, with the goal of growing the fund's value or earning income for everyone who invests in it.

A mutual fund also lets you invest in many companies at once — but it's managed by professionals “who try to beat the market” & they come with high expense ratios which overtime eats at your potential returns .

The fund manager researches, buys, and sells investments “they believe” will do better than average.



💡 Think of it like this:

A mutual fund is like hiring a chef to cook your meal — you provide the money, and they decide which ingredients (investments) to use.

Here are some Pros & Cons :

✓ Pros

1. Professional Management – A trained expert makes investment decisions for you.
2. Diversified – Your money is spread across many stocks or bonds, lowering risk.
3. Convenient – Great for people who don't want to manage their own portfolio.
4. Access to Different Strategies – You can choose funds that focus on growth, income, or specific industries.

✗ Cons

1. Higher Fees – You pay for the manager's decisions (which can eat into profits).
2. May Underperform the Market – Even experts often don't beat index funds long term.

3. Less Control – You can't decide what the manager buys or sells.
4. Possible Taxes or Fees When Buying/Selling – Some funds charge extra costs.

How They ETFs , & Mutual funds Differ in Practice

Both ETFs and Index Funds give you access to the "same markets" and the "same growth" potential — but the way you "interact" with them is slightly different.

If you invest in an ETF, you can buy or sell it "anytime" during the trading day, just like an individual stock. The price moves up and down throughout the day, so you can choose exactly when to make a move to buy or sell.

If you invest in a Mutual Fund , your buy or sell order goes through only once per day, "after the market closes." Whatever the price of the fund's assets is at the end of that day — known as the Net Asset Value (NAV) — that's the price you get.

That's the main distinction:

- ETFs are real-time flexible.
- Mutual Funds and Index Funds are priced and transacted once-a-day.

INDEX FUND VS ETF?

USA Ten Index Fund



- Trades **once per day**
- Invest in **dollar amounts**
- Very low expense ratio
- Transaction fees vary
- May have a **minimum investment amount**

USA Ten ETF



- Trades **like a stock**
- Buy in **whole shares**
- Very low expense ratio
- Transaction fees vary
- Minimum **one share**

Index funds aren't their own independent thing; they are a strategy that can be used inside different investment wrappers.

1. **Index Fund = (The Strategy)** : This means the fund is “passively managed” — it simply holds the stocks of a specific “market index” and does not try to “beat” the market.
2. **Mutual Fund or ETF = (The Structure)**: These are the wrappers that contain the investments, and they determine *how* you trade:
3. A ETF Trades anytime during the day, like a stock. It Can be Passive (Index Fund) or Active.
4. A Mutual Fund Trades only once per day at the end-of-day price (NAV). It Can be Passive (Index Fund) or Active.

The Key is “the Strategy” : If the investment uses “**a passive**”, index-tracking strategy, it IS an **Index Fund**, regardless of whether it is an ETF or a Mutual Fund structure.

INDEX FUNDS: STRATEGY vs. STRUCTURE

THE STRATEGY
(WHAT'S INSIDE?)

THE STRUCTURE
(HOW YOU TRADE?)



INDEX FUND

- PASSIVE: Tracks a market index (e.g., S&P 500).
- Goal: Match market performance.



ETF (EXCHANGE-TRADED FUND)



Trades: All day on an exchange



PASSIVE /
INDEX FUND

PASSIVE /
INDEX FUND



MUTUAL FUND



Trades: Once per day (NAV)



PASSIVE /
INDEX FUND

ACTIVE /
MANAGED



PUNCHLINE: ETFs & Mutual Funds CAN BE Index Funds (STRATEGY), but they have different trading trading METHODS (STRUCTURE).

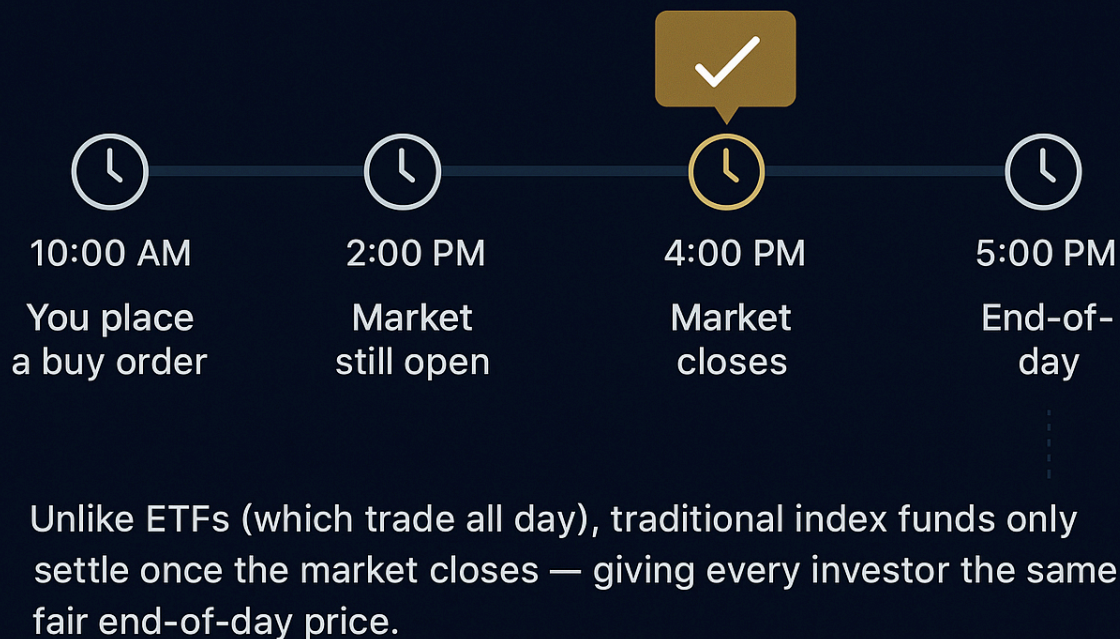
A simple Example : A Vanguard Investor

Let's say you're investing through Vanguard in an S&P 500 Index Fund.

If you decide to buy or sell shares during the day, your order won't process until

the market closes at 4:00 PM Eastern Time. You'll get the fund's end-of-day price, no matter when you placed your order. So even if someone hits "Buy" at 10 AM, they still get the 4 PM price no matter what .

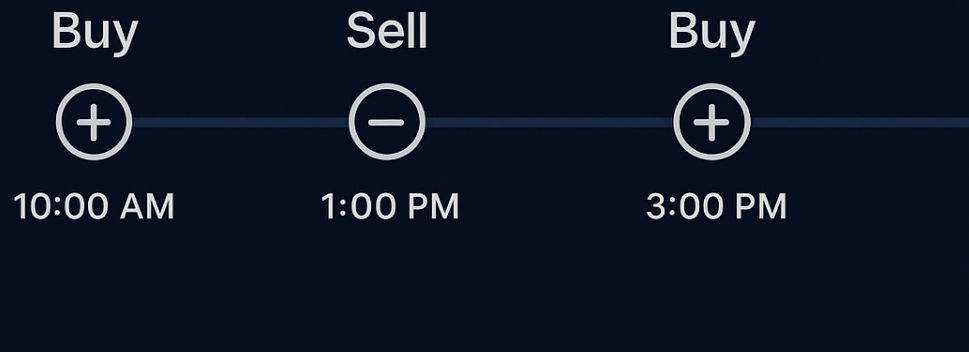
How Index Fund Orders Are Priced



Now, imagine you own the Vanguard S&P 500 **ETF** instead.

You could buy more shares at 10 AM, sell some at 1 PM, or add more at 3 PM — all at different prices throughout the day. It trades just like a stock.

Trading the Vanguard S&P 500 ETF



You could buy more shares at 10 AM, sell some at 1 PM, or add more at 3 PM — all at different prices throughout the day.

Both investments own the *exact same 500 companies* and will grow the same long-term. The only difference is *when and how* you can make your moves and that option is up to you to decide 😊.

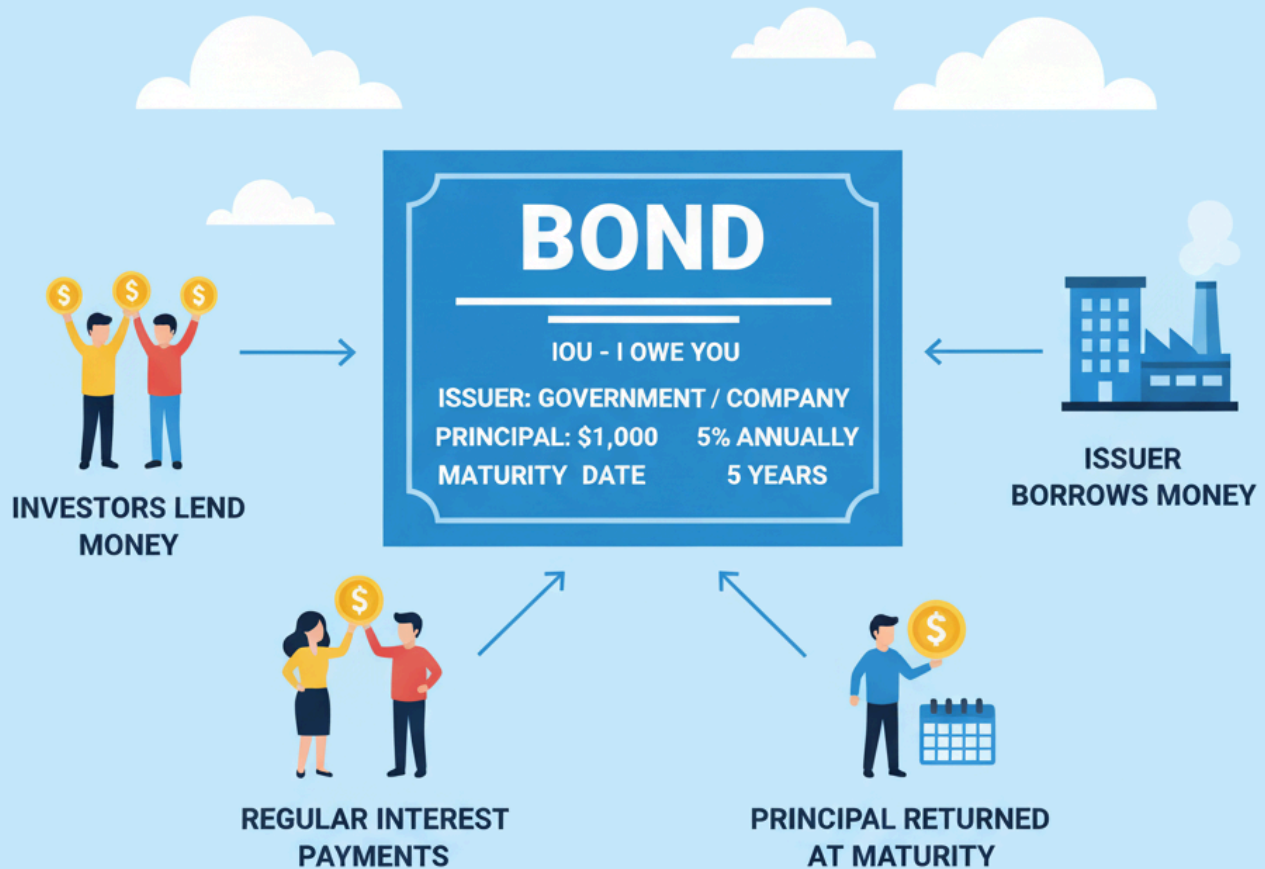
But here's the honest truth :

If you're investing for the long term, not trying to day - trade or time the market, it really doesn't matter which one you choose an index fund or ETF . Both are equally powerful for compounding your wealth over time 😊.

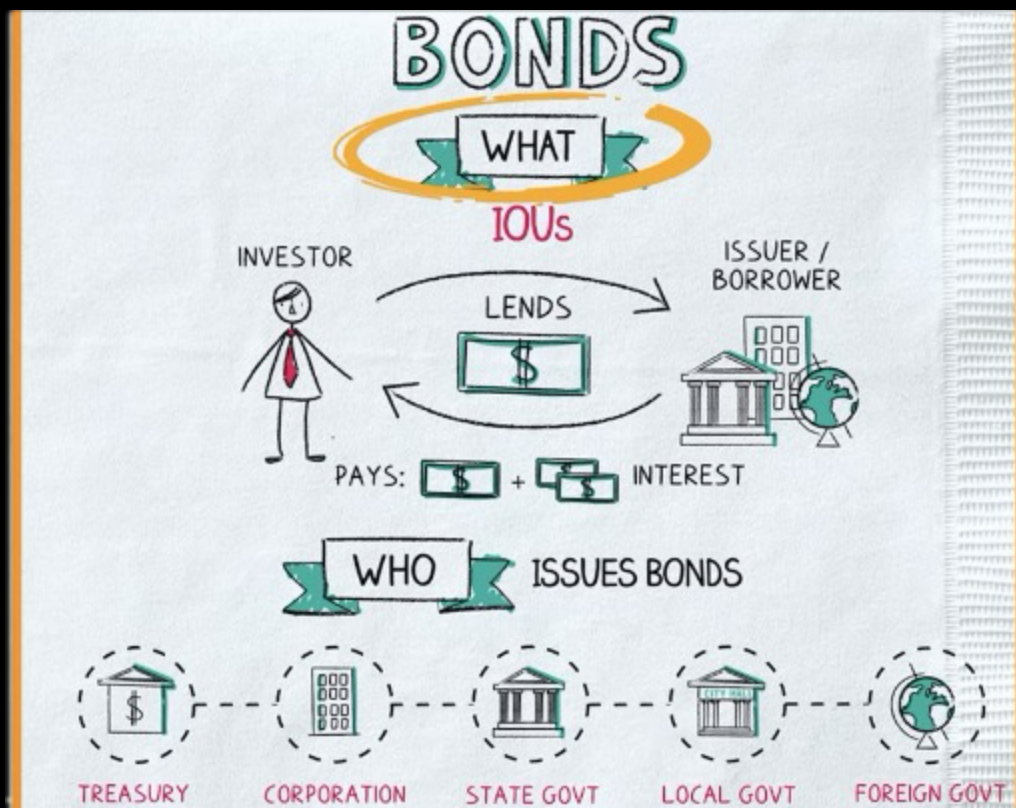
What is a Bond?

A bond is a type of loan you make to an entity, such as a government or a corporation, for a specific period. The issuer promises to pay you back the amount you lent (the principal) plus regular interest payments over the bond's life, with the entire principal repaid on a specific maturity date.

WHAT IS A BOND?



**Invest in a bond to lend money and
earn regular interest payments!**



How Bonds Stabilize a Portfolio

Bonds act as stabilizers in a portfolio because they are generally less volatile than stocks and provide predictable income. Here's why:

1. **Lower Volatility** – Bonds are usually steadier than stocks, which can swing dramatically in value.
2. **Predictable Income** – Bonds pay regular interest, providing income even if the stock market drops.

3. **Diversification** – Stocks and bonds often move in different directions.

When stocks fall, bonds may hold steady or even rise, reducing overall portfolio risk.

4. **Capital Preservation** – Safe bonds, like U.S. Treasuries, protect your principal and act as a cushion against stock market losses.

For Example:

Imagine a \$10,000 portfolio: \$6,000 in stocks and \$4,000 in bonds. If stocks drop 20% (-\$1,200), and bonds drop only 2% (-\$80), your total loss is \$1,280 instead of \$2,000 if all your money were in stocks. You see the bonds stabilized your portfolio, reducing your risk 😊.

PORTFOLIO DIVERSIFICATION

\$6,000 in stocks + \$4,000 in bonds = \$10,000 portfolio



The bonds stabilized your portfolio,
reducing your risk.

There are different Types of Bonds:

- **Government Bonds** – Issued by governments (e.g., U.S. Treasury bonds); very safe, lower interest.
 - **Treasury Bonds** – Long-term loans to the U.S. government; considered one of the safest investments with steady but lower returns.
 - **Corporate Bonds** – Issued by companies; higher interest, slightly higher risk.
 - **Municipal Bonds** – Issued by states or cities; often tax-free, moderate risk.
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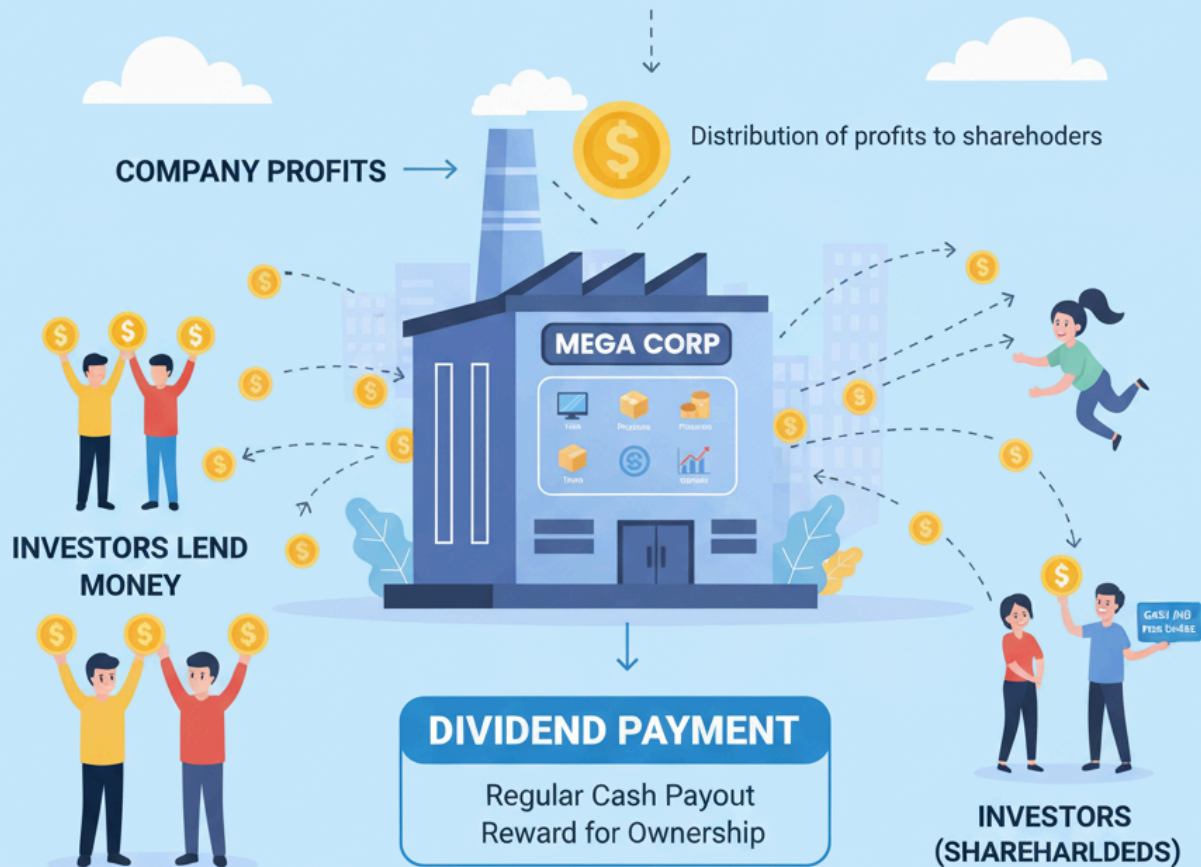
Course 5 — Dividends Explained Simply

What is a dividend ?

A **dividend** is a payment made by a company to its investors, usually in cash, as a reward for holding its stock. Dividends represent a portion of the company's earnings that are not reinvested into operations but instead shared directly with shareholders.

Think of it as a thank you from the company 😊.

WHAT IS A DIVIDEND?



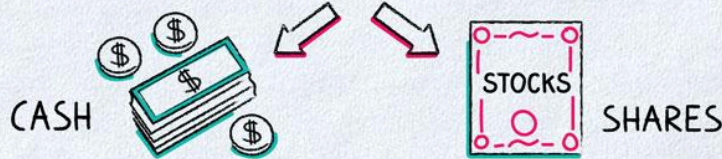
Invest in dividend stocks to earn regular income from company profits!

DIVIDENDS

A PORTION OF A COMPANY'S PROFITS PAID TO SHAREHOLDERS

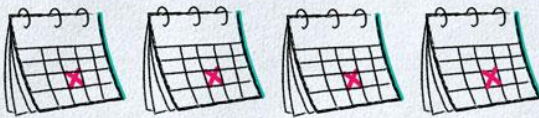


CAN BE ISSUED AS



TYPES

QUARTERLY → PAID 4x YEAR



SPECIAL → PAID ONE TIME ONLY!



FOR COMPANIES

• BENEFITS •

FOR INVESTORS

- ✓ BOOST STOCK PRICE
- ✓ BUILD SHAREHOLDER LOYALTY
- ✓ GOOD USE OF EXTRA CASH

- ✓ RELIABLE INCOME
- ✓ REDUCED VOLATILITY
- ✓ COLLECT PROFITS WITHOUT SELLING

Napkin Finance

BERKSHIRE
HATHAWAY
↓
PAYS NO DIVIDENDS



BUT INVESTS
HEAVILY IN
DIVIDEND STOCKS!

For example, if you own shares of Coca-Cola, you might receive a dividend of \$0.40 per share every quarter. If you owned 100 shares, you'd receive \$40 every three months, regardless of the stock's price movements 😊.

Dividends can be paid in different forms, but most commonly, they are issued in cash directly to your brokerage account. Some companies, however, offer **dividend reinvestment programs (DRIPs)** — where your dividends are automatically used to purchase additional shares of the same company or fund. This is known as **reinvesting dividends**, and it is one of the most effective ways to build wealth over time.

Reinvesting dividends creates a powerful compounding effect: each new share you buy earns its own future dividends, which buy even more shares. Over decades, this self-reinforcing cycle can dramatically accelerate portfolio growth — even if you never add more money yourself 😏.

Course 6 — The Foundation of Every Portfolio

Before building a portfolio, it is essential to understand the two fundamental asset classes that drive nearly all investment strategies: **stocks and bonds**. Together, they represent the trade-off between **growth and stability** — the balance every investor must have.

BONDS VS. STOCKS

BONDS:



- Issues of **debt**
- Debt that is made with an investor for **cash** in exchange for **payouts** of **interest**
- Typically traded **over the counter** (OTC)
- Generally lower **risk**, lower **reward**
- Since **1929** have earned around **6%** each year
- Can be made as corporate, municipal, or **treasury bonds**

STOCKS:



- Issues of a stake of **ownership** in a company
- A claim to a company's **assets** and **earnings** that often gives the investor voting rights and **pays dividends**
- Typically traded through a central exchange (like **NYSE**)
- Generally higher **risk**, higher **reward**
- Since **1929** have earned around **10%** each year
- Are issued by companies at a stock exchange as **IPOs**

TheStreet.

Stocks: Ownership and Growth

A stock represents fractional ownership in a company. When you buy a share, you are buying a piece of that business — and your fortunes rise and fall with

the company's performance. If the company grows, expands profits, and increases in value, your shares become more valuable 😊.

Stocks are inherently growth-oriented. Over long periods, they have historically outperformed all other major asset classes. However, with this potential for higher return comes higher volatility — prices can swing dramatically from month to month or even day to day.

Investing in stocks is ideal for investors with long time horizons — especially younger investors — who can tolerate short-term market drops in exchange for greater long-term reward.

Bonds: Lending and Stability

A bond, by contrast, is not ownership but a loan. When you purchase a bond, you are lending money to a government or corporation. In exchange, they pay you interest — a fixed amount at regular intervals — and return your original principal when the bond matures.

Bonds are considered safer and more predictable than stocks. They offer stability and consistent income, but their returns are generally lower. Because bonds are less volatile, they act as a counterbalance to stocks, cushioning your portfolio during downturns 😊.

Balancing the Two

The ideal portfolio usually holds both — the exact mix depends on your age, goals, and tolerance for risk. Younger investors often lean heavily toward stocks for long-term growth, while older investors gradually add bonds to reduce risk and protect capital.

In simple terms:

- Stocks build wealth.
- Bonds protect it.

Understanding this relationship between risk and reward is the foundation of all portfolio construction and financial planning.

Then you have Alternatives these include Diversifying Beyond Stocks and Bonds inside your portfolio.

Alternative investments are assets outside of traditional stocks and bonds. They can help diversify your portfolio, reduce correlation with the stock market, and potentially increase returns.

Alternatives include:

1. **Real Estate** 🏠

- Physical property or real estate investment trusts (REITs).
- Provides rental income and potential appreciation.
- Often less correlated with the stock market, so it can stabilize your portfolio during downturns.

2. **Commodities** ⚒️

- Natural resources like gold, silver, oil, or agricultural products.
- Can act as a hedge against inflation.
- Prices can be volatile and influenced by supply, demand, and geopolitical events.

3. **Private Equity** 🧑‍💼

- Investment in private companies, not traded publicly.
- Can offer high growth potential but with higher risk and lower liquidity (harder to sell quickly).

4. **Hedge Funds / Alternative Strategies** 📊

- Professional investment funds using specialized strategies.
- Aim to generate returns independent of market direction.
- Often require high minimum investments and are less liquid.

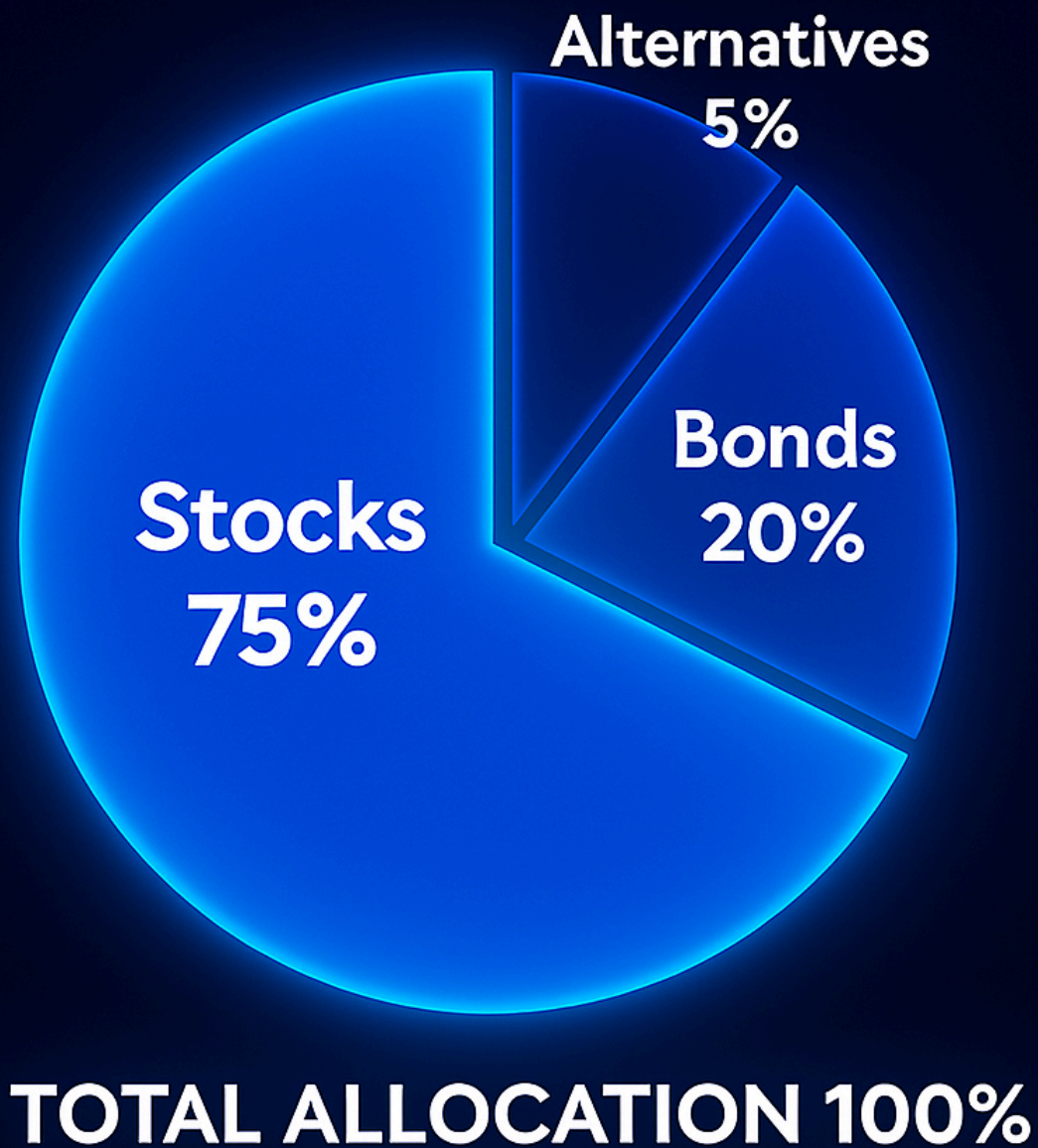
5. Cryptocurrencies ₿

- Digital assets like Bitcoin or Ethereum.
- Highly volatile but can provide diversification if used cautiously.
- Only a small portion of your portfolio should be allocated here.

Key Points About Alternatives:

- Alternatives often have “higher risk” and complexity than stocks or bonds.
- They can “reduce” overall portfolio risk if used wisely.
- Typically, only a portion of your portfolio (5–15% for most investors) should be in alternatives, depending on risk tolerance and investment knowledge keep this in mind 🧠.

Here's an example portfolio :



These are the 3 asset categories that make up a portfolio — stocks , Bonds , & Alternatives and its total allocation = 100% simple right 😊?

We'll breakdown how to build a professional portfolio a couple chapters later don't worry .

Course 7 — Understanding Tickers & Brokerage Accounts

Every investment — whether a stock, ETF, or index fund etc — is identified by a short abbreviation called a “ticker symbol”. These symbols are unique identifiers used on stock exchanges, making it easy for investors to buy, sell, and track specific securities.

For example:

- **AAPL** represents Apple Inc.
- **VOO** represents the Vanguard S&P 500 ETF.
- **BND** represents the Vanguard Total Bond Market ETF.

Think of tickers as the language of investing. They simplify complex investment names into brief codes that can be easily entered into any brokerage platform.

Common Types of Tickers Examples :

1. **Brood Market ETFs**

These offer exposure to hundreds or even thousands of companies in a single investment:

- VOO – Vanguard S&P 500 ETF (500 largest U.S. companies)
- VTI – Vanguard Total Stock Market ETF (nearly the entire U.S. market)

2. International ETFs

Provide exposure to foreign markets and global diversification:

- VXUS – Vanguard Total International Stock Market ETF
- EFA – iShares MSCI EAFE ETF (Europe, Asia, and Far East)

3. Bond ETFs

Offer income and stability through government and corporate bonds:

- BND – Vanguard Total Bond Market ETF
- TLT – iShares 20+ Year Treasury Bond ETF

4. Sector ETFs

Allow investors to focus on specific parts of the economy:

- XLK – Technology
- XLE – Energy
- XLV – Healthcare

5. Individual Stocks

Represent direct ownership in companies:

- AAPL – Apple Inc.
- MSFT – Microsoft

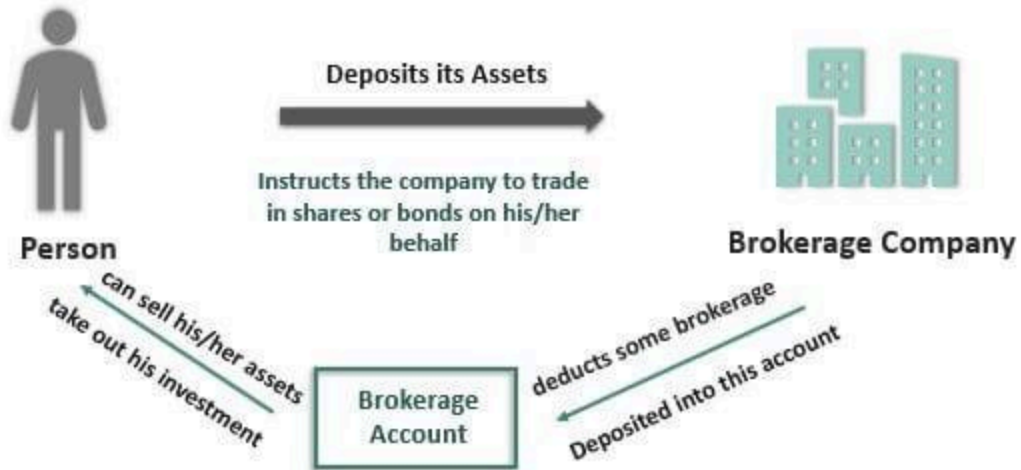
- TSLA – Tesla

What is a brokerage account?

A Brokerage account is a financial account that allows you to buy, sell, and hold investments like stocks, bonds, ETFs, and other assets. Think of it as a tool that connects you to the financial markets.

- It acts like a hub for your investing activities.
- You can deposit money into the account and use it to invest in a variety of assets.
- Brokerages often provide tools, research, and charts to help you make informed decisions.

Brokerage Account



When you sign up with a broker, you'll be asked to choose an account type. You would choose an account type based on your needs. But the focus here is **IRA Accounts** for long-term wealth 😊.

Each account type Explained :

1. *Traditional IRA*

What is it ?

A Traditional IRA is an individual retirement account that lets you save for retirement with **tax-deferred growth**. 🧑 You contribute pre-tax or tax-deductible dollars, and your investments grow without paying taxes until you withdraw .

When you get your paycheck, the money that lands in your bank account has already been taxed by your employer.

That means if you take that money and put it into an IRA yourself — technically, it's after-tax money.

So how does a Traditional IRA still count as “pre-tax” you may be asking? 🤔

Well Here's the Key :

Even though the money you deposit was taxed through your paycheck,

the IRS lets you “deduct” that contribution from your taxable income at the end of the year.

So — you get your tax break later, not at the time you contribute.

A Traditional IRA turns your after-tax money back into pre-tax money at tax time through a deduction. That's what makes it "pre-tax" in the eyes of the IRS — even though you contributed from your bank account.

For Example:

Let's say:

- You earned \$50,000 from your job for the year .
- You contributed \$5,000 total of that \$50,000 to your Traditional IRA throughout the year (money that was already taxed through your paycheck).

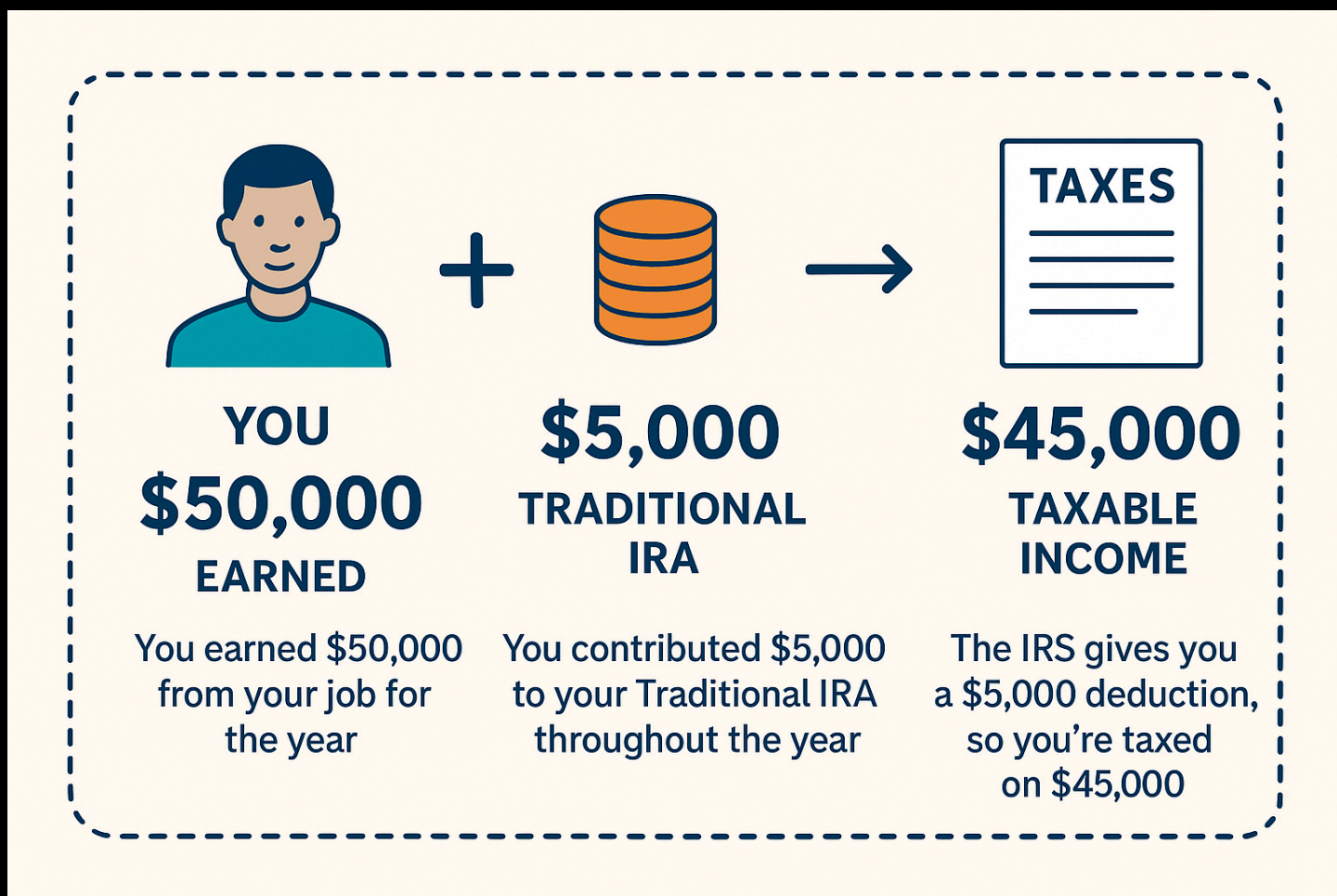
When you file your taxes, you tell the IRS:

"Hey, I put \$5,000 into a Traditional IRA."

The IRS then gives you a \$5,000 deduction — meaning you'll only be taxed on \$45,000 of Your income, not the full \$50,000 😊.

That deduction reverses the tax you already paid on that \$5,000,

so the contribution effectively becomes “pre-tax” in the end.



Here are some things you should know for the Traditional IRA :

- *Contributions*: May be tax-deductible, depending on your income and whether you (or your spouse) have a retirement plan at work.

Here's what it means :

1. Tax-deductible contributions

- Normally, the money you put into a Traditional IRA can lower your “taxable income” for the year. For example, if you earn \$50,000 and contribute \$6,000 to a Traditional IRA, you might only be taxed as if you earned \$44,000.
- This is called a “tax deduction.” 😄😄

2. It Depends on “your income”

- If you earn a lot of money, the IRS limits how much of your contribution is tax-deductible. So, high earners may not get the full tax break.

3. It Depends on whether you or your spouse have a retirement plan at work

if you have a 401(k) or similar retirement plan at work, the tax deduction may be reduced or eliminated if your income is above a certain threshold. Even if your spouse has a plan, it can affect whether your IRA contribution is deductible.

Here's a simple breakdown for Traditional IRA tax deductions in 2025 :

Single Folks -

● Green Zone – Full Deduction

- Income Level: Below \$73,000
- Deduction Amount: Full deduction
- What it means:

If your income is below \$73,000, you can subtract your entire IRA contribution from your taxable income for the year.

- Example: You earn \$70,000 and contribute \$6,000 throughout the year → your taxable income drops to \$64,000 😁😁.

● Yellow Zone – Partial Deduction

- Income Level: \$73,001 – \$83,000
- Deduction Amount: Partial deduction
- What it means:

- If your income falls in this range, you can only deduct part of your contribution. The higher your income in this zone, the smaller the deduction.
- Example: You earn \$75,000 and contribute \$6,000 → maybe only \$3,000 counts as a deduction.

● Red Zone – No Deduction

- Income Level: Above \$83,000
- Deduction Amount: None
- What it means:

If your income is above \$83,000, you cannot deduct your IRA contribution from taxes now.

- Important: Even though you don't get the upfront tax benefit, your contribution still grows tax-deferred until you withdraw it in retirement.
- Example: You earn \$90,000 and contribute \$6,000 → taxable income stays \$90,000, but your investment grows tax-free until retirement.

Married or Couples -

● Green Zone – Full Deduction

- Income Level: less than or equal to \$116,000
- Deduction Amount: Full deduction
- What it means:

If your combined income is \$116,000 or less, you can deduct 100% of your Traditional IRA contribution.

- Example: Joint income \$110,000 → contribute \$12,000 (both spouses \$6,000 each) → full deduction.

● Yellow Zone – Partial Deduction

- Income Level: \$116,001 – \$136,000
- Deduction Amount: Partial deduction
- What it means:

Deduction is reduced gradually as your income approaches \$136,000.

- Example: Joint income \$125,000 → contribute \$12,000 → only part of the contribution is deductible.

● Red Zone – No Deduction

- Income Level: is greater than or equal to \$136,001
- Deduction Amount: None
- What it means:

You can still contribute, but it won't reduce your taxes this year.

- Example: Joint income \$140,000 → contribute \$12,000 → no immediate tax deduction, but your money grows tax-deferred.

💡 Special Case:

- If neither spouse has a workplace retirement plan, the contribution is fully deductible no matter the income 😊.
- If one spouse has a plan and the other doesn't, the income limits for deductions are higher (\$218,001 – \$228,000 for partial deduction, fully deductible below that).

More things you should know for the Traditional IRA :

- **Growth:** Investments grow tax-deferred — you don't pay taxes on dividends, interest, or capital gains each year.
- **Withdrawals:** Distributions in retirement (after age 59½) are taxed as ordinary income.
- **Early withdrawals:** Taking money out before 59½ usually incurs a 10% penalty plus income tax, with some exceptions (first home purchase, certain education expenses, medical emergencies).

Contribution limits (2025 example):

- Up to \$7,000 per year (or \$8,000 if age 50+).

Contribution limits are per person, not per account. Whether you are single or married, the maximum each individual can contribute is the same.

Who Traditional IRAs for:

- People who expect their tax rate to be lower in retirement than it is today.

- Those looking for an immediate tax deduction to reduce taxable income.
- Beginners or long-term investors who want a simple way to save for retirement.

2. *Roth IRA*

A Roth IRA is an individual retirement account where you contribute **after-tax money**, and your investments grow tax-free. Qualified withdrawals in retirement are completely tax-free.

When you get your paycheck the money that lands in your bank account has already been taxed by your employer.

That means if you take that money and put it into your Roth IRA yourself — it's after-tax money.

Scenario:

- You are 30 years old and open a Roth IRA.
- You contribute \$7,000 this year (after-tax money from your paycheck).
- Your investments in the account grow over time. You already paid income tax on your \$7,000. Unlike a Traditional IRA, you don't get a tax deduction now 😞.

Things you should know about Roth IRAs :

- Contributions: are made with after-tax dollars, so no deduction upfront.
- Growth: Investments grow tax-free — you never pay taxes on interest, dividends, or capital gains 😊.
- Withdrawals: Qualified withdrawals after age 59½ .
- Early withdrawals: Contributions (but not earnings) can be withdrawn at any time without taxes or penalties, giving some flexibility.

Contribution limits (2025 example):

- Same as Traditional IRA: \$7,000 per year (or \$8,000 if 50+). Contributions limits are per person, not per account.
- Income limits apply — higher earners may not be eligible to contribute directly. Check it out 

Roth IRA Contribution Guide (2025)

Single :

- Income less than or equal to \$138,000: You can contribute the full amount (\$7,000 under 50 , \$8,000 if 50 or older). ●
- Income \$138,001 – \$153,000: You can contribute part of the maximum amount. ●
- Income greater than or equal to \$153,001: You cannot contribute to a Roth IRA. ●

Married Filing Jointly:

- Combined income less than or equal to \$218,000: Each spouse can contribute the full amount (\$7,000 under 50, \$8,000 if 50 or older). ●
- Combined income \$218,001 – \$228,000: Each spouse can contribute part of the maximum amount. ●
- Combined income greater than \$228,001: Roth IRA contributions are not allowed. ●

Who's Roth IRAs for:

- People who expect their tax rate to be higher in retirement or want tax-free income later.

- Those who want flexibility to withdraw contributions without penalty.
- Long-term investors who plan to let money grow for decades.

For more information or clarity on Rules Click this link here to go to the IRS official website :

<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits>

3. Roth IRA for kids

A Roth IRA for Kids is a tax-advantaged retirement account opened for a child under 18. The account is managed by an adult (aka the custodian of the account) and then transferred to the child at the age of majority, which can differ from state to state, but is usually 18 to 25 years old.

Money in the account can be invested, and potential investment growth is tax-free in both the Roth IRA for Kids account as well as once it's transitioned to your child's own IRA at the age of majority.¹⁸

Here is are some Advantages :

- **A savings head start:** Time is on your child's side. The longer the money is invested, the more potential it has to benefit from compound growth. A little saved today has a lifetime to potentially grow 😊.
- **Emergency access:** Just like a regular Roth IRA, contributions to a Roth IRA for Kids can be withdrawn without taxes or penalties at any time.
- **Custodianship:** As the custodian of the account, you'll get to manage and invest the IRA money until the child becomes an adult.

Here are some Disadvantages:

- **The Child must have earned income:** To be eligible to contribute, your teen needs to earn income to qualify for contributions—whether it's as a babysitter, lifeguard, dog-walker, you name it.
- **The Contribution limit is capped at earned income amount:** Similar to adults, a Roth IRA for Kids has an annual contribution limit. But regardless of that limit, you can't contribute more than the amount of income your child earned over the year. So, if your child earns \$1,000 mowing lawns in a year, you could only contribute \$1,000 that year.
- ****Early withdrawal penalties for earnings:** Although contributions can be withdrawn at any time, the investment earnings from those contributions can only be withdrawn penalty-free after age 59½, unless your child meets certain criteria.

This account Might be right for you if ...

Your child earns income from a summer job or earns income in general and you're looking for a tax-advantaged way to help give them a head start saving

for retirement. With the benefits of extra years to save and tax-free investment growth, a Roth IRA for Kids could help turbocharge your child's retirement savings 😊.

More things you should know about the kids Roth IRA :

The Account Does Not Stay a "Kids Roth" Forever: The Custodial Roth IRA (Roth IRA for Kids) is simply a temporary legal wrapper used because the owner is a minor.

The account is legally owned by the minor but **managed by the adult custodian**. The custodian makes all trading and investment decisions so you as the adult need to have the knowledge of what to invest in for your child. Honestly the only thing at that age to invest in is none other than stocks for growth whether it be a ETF, index fund or an individual stock or company you believe in.

After the age of majority (18 or 21).The account is **transferred** to a standard, individual Roth IRA in the young adult's name. **Full control** is legally given to the young adult.

So the best thing to do is while your child is between the Ages of 14-18 and they are accumulating money , have them learn about investing during that time and a great way to do that is our course WealthPath 😄😄😄😄 just saying 🙌, so they can have a headstart.

Most children don't get this kind of opportunity but if this is something you'd want for your child this is a great idea and if your a teen reading and interested

in building wealth dont wait go ask your mom or dad to open a kids Roth IRA so you can build wealth early .

Compounding works with time, the earlier the better 😊.

For more info on kids Roth IRA check the links below 📌:

[🌐https://www.fidelity.com/retirement-ira/roth-ira-kids](https://www.fidelity.com/retirement-ira/roth-ira-kids)

[🌐https://www.schwab.com/learn/story/roth-ira-for-kids](https://www.schwab.com/learn/story/roth-ira-for-kids)

Course 8 — Core Investment Strategies

Now that you understand the basic building blocks — stocks, ETFs, Mutual Funds , dividends, and bonds — it's time to focus on how investors use these tools to grow wealth. These strategies are not about luck or timing; they are about **discipline, patience, and consistency** 😊.

Strategy 1: Buy and Hold

The Buy and Hold approach is one of the oldest and most effective investment strategies. It means purchasing quality investments and holding them for years — sometimes decades — regardless of market fluctuations.

This strategy works because the stock market, despite its short-term volatility, has ALWAYS risen over the long term. History shows that investors who remain patient through market cycles tend to outperform those who try to time their trades.

For example, an investor who placed \$1,000 into the S&P 500 in 1990 and simply held their investment — ignoring every market crash — would have seen that amount grow to over \$20,000 by 2025. The key was not timing the market but staying in it 😊.

An investment of \$1,000 in the S&P 500 in 1990 would have grown to over \$20,000 by 2025

The key was not timing the market but staying in it



Patience is the real advantage that individual investors hold over traders. It transforms temporary declines into long-term opportunities.

Strategy 2: Index Fund and ETF Investing

Index fund and ETF investing is based on a simple principle: instead of trying to beat the market, you can “own the market”.

By purchasing an ETF or index fund “that mirrors” a “market index” — like the S&P 500 or Total Market Index — you automatically gain exposure to hundreds

of companies. This removes the need to predict which individual stocks will perform best.(But you can pick individual stocks if you choose to but requires extensive research and understanding).

These funds are inherently diversified, low-cost, and historically consistent in performance. They are ideal for beginners because they require little maintenance and can form the foundation of any long-term portfolio.

Some widely used options include:

- SPY or VOO – S&P 500 Index ETFs
- VTI – Total U.S. Stock Market ETF
- SCHD – Dividend Equity ETF

Over time, this strategy allows investors to benefit directly from the growth of the economy itself, rather than gambling on specific companies or short-term market trends.

Strategy 3: Dividend Growth Investing

Dividend growth investing focuses on companies with a consistent history of paying and increasing their dividends. These firms often represent stable, mature businesses that generate steady cash flow.

This approach offers two forms of return: regular income from dividends and long-term capital appreciation as the companies themselves grow. “Reinvesting”

dividends accelerates compounding, creating a rising stream of income and expanding ownership over time.

Investors using this strategy build portfolios that can eventually produce passive income — income that arrives whether or not they are working.

Companies such as Johnson & Johnson, Coca-Cola, and Procter & Gamble exemplify the power of consistent dividend growth across decades.

Strategy 4: Dollar-Cost Averaging (DCA)

Dollar-Cost Averaging is one of the most disciplined and beginner-friendly investment methods. It involves investing a fixed amount of money at regular intervals — for example, \$100 each month or \$50 a week — regardless of market conditions.

This strategy works because it **eliminates** emotional decision-making. You invest **automatically** whether prices are high or low. Over time, this averages out your cost per share and allows compounding to take over.

An investor who consistently invests in an S&P 500 ETF every month for 20 years will likely accumulate significant wealth — not by predicting market trends, but by staying consistent and allowing time to work in their favor.

Key Principles to Remember :

1. Time in the market matters more than timing the market.
2. Diversification reduces risk and smooths out performance.

3. Dividends and reinvestment accelerate long-term growth.
4. Consistency, not complexity, builds wealth.

Each of these strategies is simple in concept but “powerful” in execution. The investors who build real wealth are not the ones who chase headlines or trade daily — they are the ones who commit to a plan and allow compound growth to work over decades there’s no secret to it.

When it comes to long-term investing, everything really comes down to two strategies. Every investor — beginner or expert — is always choosing between these two paths:

1. Own the Market (Passive Investing)

This strategy is simple:

You buy broad index funds like VOO, VTI, or VXUS, and you let the entire market work for you.

Owning the market means:

- You hold hundreds (or thousands) of companies at once
- You accept the market’s average long-term return
- You reduce risk through instant diversification

- You avoid the stress of picking winners

Historically, this approach has built the most wealth for the most people. The saying goes if ain't broke don't fix it 😊.

The S&P 500 is a collection of 500 of America's largest companies that has delivered strong returns for decades without requiring predictions, special knowledge, or constant decision-making.

This is the strategy that rewards patience, consistency, and discipline.

2. Trying to Beat the Market (Active Investing)

This strategy means you're choosing specific stocks or sectors because you believe they will grow faster than the overall market.

Examples include:

- Betting heavily on technology, or Energy etc .
- Selecting a handful of companies you believe will dominate
- Concentrating in a theme or sector (AI, energy, biotech, etc.)

There's nothing wrong with this approach — but it carries much more risk.

Why? Because your success depends entirely on the companies you choose.

If your picks outperform the market, you “beat” it 😊.

But if they struggle, you fall behind 😞.

Even professional investors rarely beat the S&P 500 over long periods.

It's estimated that 85–90% of stock pickers underperform the market over 10+ years.

The S&P 500 is already filled with the strongest, most dominant companies in the U.S. economy.

To outperform it, your picks must do better than the best. And that's a high bar 😊.

The S&P works like a constantly updating “all-star team”:

- Weak companies get removed
- Strong companies rise in weight
- Winners naturally dominate the index
- Losers fade away automatically

You're competing against a system designed to capture the economy's top performers — a system that self-corrects over time.

Which Strategy Is Better you may ask ?

Neither strategy is “right” or “wrong.” It depends on your goals, mindset, and risk tolerance. Owning the market is usually the best choice for long-term, stress-free investors who want steady growth.

Trying to beat the market can work, but requires skill, research, and the willingness to handle more volatility .

Your portfolio should match your goals, your time horizon, and your mindset.

Owning the market offers broad stability.

Trying to beat it offers high potential — and high risk.

You decide which path supports your journey 😊.

Course 9 — “Designing Portfolios The Professional Way”

By now, you’ve learned the basics of investing, what stocks, bonds, ETFs, Mutual Funds and index funds are, and how to avoid common mistakes. Now it’s time to take the next step — Learning how to build a professional portfolio. This chapter will guide you, step by step, on how to build a professional portfolio.

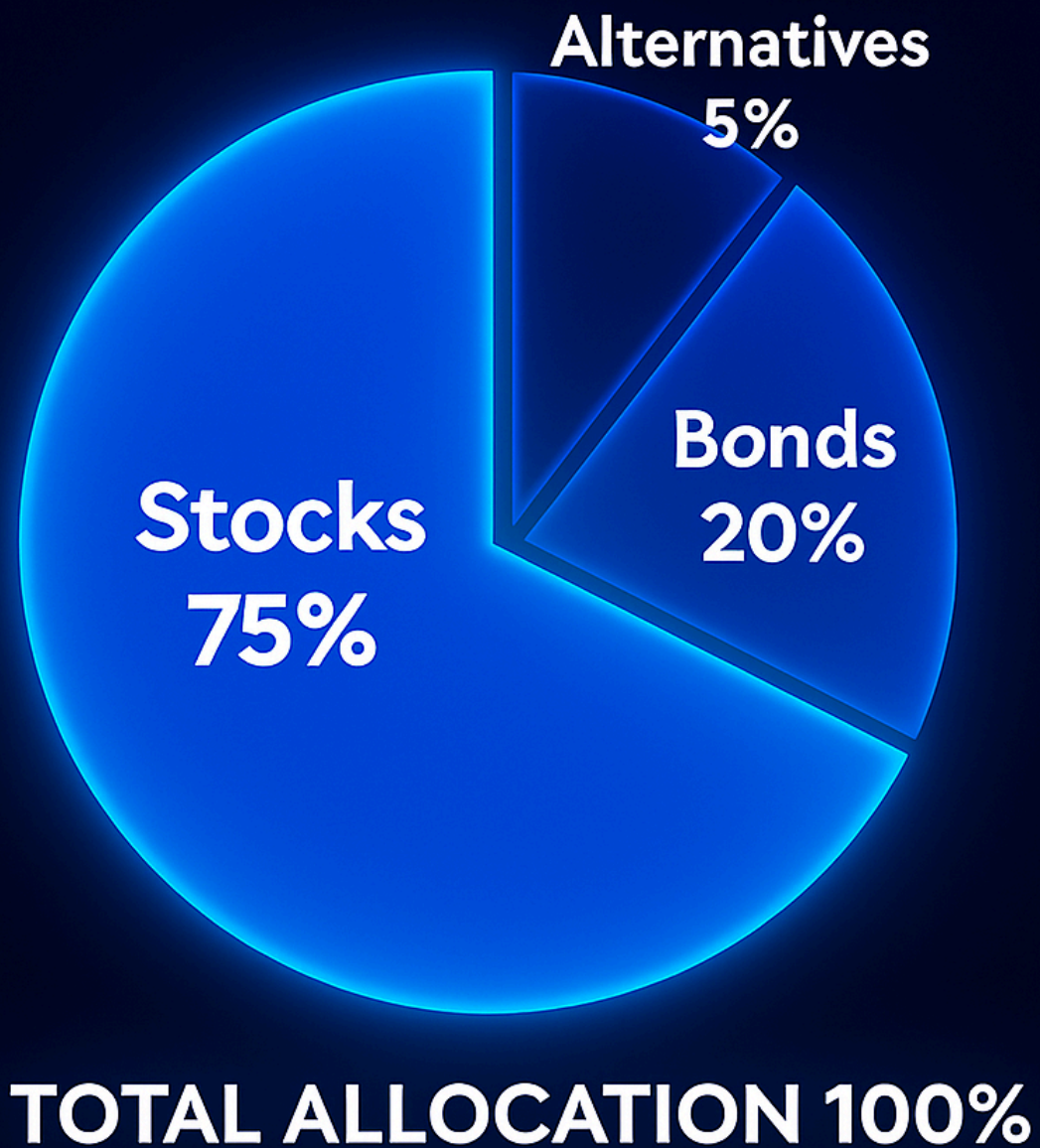
How to build a portfolio :

A portfolio is structured with these 3 core “assets”

- STOCKS
- BONDS
- ALTERNATIVES

And it’s Total allocation = 100%

Here is an Example structure again :



You would then put your portfolio together with your chosen tickers in each category(stocks, bonds alternatives) representing each “exposure category” of your choosing .

But you might ask, how do I know what tickers to choose for my portfolio ? Well, We got you 😊, let's discuss it 😄.

There are “4 exposure categories” that should be your focus and this is how you choose your specific tickers :

1.Core Market = the broad diversified foundation that does the majority of your long-term compounding.

Examples of core exposures:

1. total **world** stock market
2. total **U.S.** stock market
3. total **international** stock market

this is the main market you want to own over decades.

****This category falls under stocks in your portfolio**

2.Factor Tilts = intentional exposure to certain types of stocks that have historically delivered “extra return” on top of the core broad market. If you don’t have any intention you don’t worry about this section.

Examples of factor exposures:

- Value stocks (undervalued companies)
- Small Cap stocks (smaller companies)
- Quality stocks (profitable, stable companies)
- Momentum stocks (stocks with strong recent trends)

****This category falls under stocks in your portfolio**

3.Sector / Theme Bets = This is where you pick a specific slice of the market because you have “a belief” about a certain industry, innovation wave, or theme. Key words Belief , if you don’t have any belief in any particular company or industry you don’t worry about this section .

Examples of theme/sector exposures:

- Technology (AI, cloud, semiconductors)

- Cybersecurity
- Healthcare
- Energy (solar, oil, clean energy)
- Real Estate

this is where personal convictions live.

****This category falls under stocks in your portfolio**

Hedges / Defense = This category is specifically designed to “**protect**” your portfolio’s emotional stability during violent drawdowns . (They will happen 🤔.)

Examples of hedges/defense exposures:

- Bonds (Treasuries, Total Bond Market)
- TIPS (inflation-protected bonds)
- Gold / precious metals

- Cash / cash equivalents
- Defensive sectors (utilities, consumer staples)

these are not here for growth — they are here for “stability” .

****This category falls under Bonds & Alternatives in your portfolio.**

3 important Notes :

⚠️ You choose exposure first, then tickers second.

⚠️ You do not have to be exposed to all 4 categories above at one time if that's not your strategy. whatever you decide is best for you is what you'd choose.

⚠️ Just to clear things up stocks bonds and alternatives are just the "assets" used that makes up a portfolio. The Exposure categories are “where” you decide to implement those “assets” 😊.

For Example:

- someone could choose only Core Market.

- someone else may choose Core + a little Factor.
- someone else may choose Core + Hedge.
- someone else may choose Core + Theme Bets + Hedge.

All of these are valid.

You choose exposure based on “your” beliefs, “your” tolerance, and “your” desired style of investing .

There is no  rule that says:

“you must use all 4 categories.”

Most normal long-term investors (like IRA investors) only use 1 or 2

- Core only (super simple, passive)
- Core + Hedge (slightly more defensive)

And that is perfectly normal.

So these are questions you'd ask yourself to begin building your portfolio:

1) Am I trying to own just “America” or the “whole world” ?

- only the US?
- or the entire global economy (US + International)?

→ this “decides” Total US Tickers 🇺🇸 vs Total World Tickers 🌍 for your exposure.

2) Do I want 1 simple fund... or do I want to build the total world myself?

- “do I want one ETF that already covers everything?”
- “or do I want to combine US + International manually?”

→ this decides single global Tickers vs manual DIY .

3) Do I want to tilt toward certain types of companies for extra return?

Examples:

- cheap/value companies
- small companies
- strong profitable companies
- companies that are trending upward

→ this “decides” factor tilts.

4) Do I **believe** in a certain theme or future trend?

Examples:

- AI dominance
- clean energy
- robotics
- biotech

→ this “decides” sector/theme bets.

5) **How much** emotional pain can I tolerate in a crash?

- do I want something in my portfolio that will protect me when stocks fall?
- do I want a smoother ride?

→ this “decides” hedges (treasuries, gold, cash).

To tie everything together:

Step 1 : Figure out your exposure, what exposure category do you want to be exposed to ? Pick from the four exposure categories

Step 2 : Research and Pick specific tickers for “each exposure” of your choosing .

A Tip : When Researching for each category your searching the EXPOSURE

● Yellow = “Exposure Name”

For Example :

1) Your searching for CORE MARKET exposure

search examples:

- “total world stock market funds”
- “total U.S. stock market funds”
- “total international stock market funds”

2) FACTOR TILTS

search examples:

- “value stock market funds”
- “small cap stock market funds”
- “quality factor stock funds”
- “momentum stock factor funds”

3) SECTOR / THEME BETS

search examples:

- “**technology** sector stock funds”
- “**cybersecurity** stock funds”
- “**healthcare** sector stock funds”
- “**clean energy** stock funds”

4) HEDGES / DEFENSE

search examples:

- “**total** bond market funds”
- “**treasury** bond funds”
- “**inflation protected** bond funds”
- “**gold** exposure funds”
- “**real estate** stock funds”

Here are some Common Types of Ticker Examples again :

1. Broad Market ETFs

These offer exposure to hundreds or even thousands of companies in a single investment:

- VOO – Vanguard S&P 500 ETF (500 largest U.S. companies)
- VTI – Vanguard Total Stock Market ETF (nearly the entire U.S. market)

2. International ETFs

Provide exposure to foreign markets and global diversification:

- VXUS – Vanguard Total International Stock Market ETF
- EFA – iShares MSCI EAFE ETF (Europe, Asia, and Far East)

3. Bond ETFs

Offer income and stability through government and corporate bonds:

- BND – Vanguard Total Bond Market ETF
- TLT – iShares 20+ Year Treasury Bond ETF

4. Sector ETFs

Allow investors to focus on specific parts of the economy:

- XLK – Technology
- XLE – Energy
- XLV – Healthcare

5. Individual Stocks

Represent direct ownership in companies:

- AAPL – Apple Inc.
- MSFT – Microsoft
- TSLA – Tesla

Example professional Constructed portfolios :

Your 20s: The Aggressive Factor Tilter

- Time Horizon: 40+ years | Risk Tolerance: Very High

Portfolio: 100% Stocks

In your 20s, time is your greatest advantage — and this portfolio is designed to maximize long-term growth.

- **VUG** - 45 % (U.S. Large Cap Growth) gives you exposure to America's biggest growth engines: tech, innovation, and fast-scaling companies.

These are historically the market's strongest long-term compounders.

- **AVUV** - 25 % (U.S. Small Cap Value) adds a powerful factor tilt. Small-cap value stocks have historically offered some of the highest long-term return premiums, but with higher short-term volatility. Young investors can handle that volatility better than anyone else.
- **VXUS** - 30 % (International Total Market) broadens your portfolio globally, capturing growth from Europe, Asia, and emerging markets — important when your investing life spans 4–5 decades.

With decades ahead, a 100% stock allocation maximizes accumulation and lets compounding do the heavy lifting.

Your 30s: The Value Builder

- Time Horizon: 25–35 years | Risk Tolerance: High

Portfolio: 90% Stocks / 10% Bonds

Your 30s often balance growth with increasing responsibility, so this portfolio stays aggressive — but smarter.

- **SCHB** - 40 % (U.S. Broad Market) creates a strong, low-cost core with thousands of U.S. companies.
- **MGV** - 20 % (U.S. Large Cap Value) tilts toward value stocks, which historically shine when growth stocks slow down or when market leadership rotates.
- **IEFA** - 20 % + **FNDF** - 10 % (International + International Value) combine broad international exposure with a value factor tilt overseas — expanding your diversification and creating a portfolio that benefits if global value stocks outperform.
- **BND** - 10 % (U.S. Aggregate Bonds) adds a small stabilizer to soften volatility as life responsibilities grow.

This is an intelligent mix of core holdings plus value tilts — perfect for long-term builders.

Your 40s: The Quality & Stability Balancer

- Time Horizon: 15–25 years | Risk Tolerance: Moderate to High

Portfolio: 80% Stocks / 15% Bonds / 5% Alternatives

Your 40s introduce a new goal: growth with stability. This portfolio adds “defensive factors” while staying growth-focused.

- **IVV** - 40 % (S&P 500 Core) anchors your portfolio in America’s largest and most stable companies.
- **QUAL** - 20 % (Quality Factor) filters for companies with strong balance sheets, stable earnings, and high profitability — traits that help reduce drawdowns.
- **USMV** - 10% (Minimum Volatility) adds a defensive layer, lowering portfolio swings without major return sacrifice.
- **IXUS** - 10% (International) maintains global exposure.
- **AGG** - 10 % (Bonds) provides income and stability.
- **REET** - 5% (Global Real Estate) adds diversification and inflation protection.
- **TIP** - 5 % (Inflation-Protected Bonds) shields purchasing power.

This becomes a “Defense with Growth” strategy — ideal for mid-career investors.

Your 50s: The Income & Yield Planner

- Time Horizon: 5–15 years | Risk Tolerance: Moderate

Portfolio: 60% Stocks / 40% Bonds

In your 50s, you're getting closer to retirement — so your portfolio shifts toward income, quality, and downside protection.

- **SCHD** - 30 % (U.S. Dividend) focuses on high-quality dividend-paying companies with strong fundamentals.
- **VYMI** - 20% (International Dividend) broadens income sources globally.
- **SPHQ** - 10% (Quality Factor) reinforces stability by emphasizing financially healthy companies.
- **BIV** - 30 % + **VGSH** - 5% (Intermediate & Short-Term Bonds) give dependable income while reducing volatility.
- **Cash/Cash equivalent** - 5 % adds flexibility and safety.

This mix creates a smoother ride while still capturing meaningful growth and income.

Your 60s: The Retirement Income Generator

- Time Horizon: 0–5 years | Risk Tolerance: Moderate to Low

Portfolio: 50% Stocks / 50% Bonds & Income Assets

Now the goal is balance: income stability, low volatility, and inflation protection.

- **USMV** - 15 % (Min Vol) reduces market swings and softens downturns.
- **DGRO** - 15 % (U.S. Dividend Growth) focuses on companies increasing dividends annually — ideal for rising income.
- **IDV** - 10 % (International Dividend) adds global yield diversification.
- **VXUS** - 10% (International Total Market) provides an inflation hedge and global exposure.

- **BND** - 30 % + **LQD** - 15% (Core Bond + Corporate Bond) split the bond side into dependable income + slightly higher-yield options.
- **Cash/Cash equivalents** - 5 % protects against downturns and covers near-term expenses.

A stable, income-focused portfolio built for entering retirement.

Your 70s & Beyond: The Wealth Preserver

- Time Horizon: Withdrawal Phase | Risk Tolerance: Low to Moderate

Portfolio: 40% Stocks / 60% Bonds & Income

In your 70s and beyond, the mission shifts to preserving wealth, controlling volatility, and withdrawing safely.

- **QUAL** - 20 % (Quality Factor) keeps equity exposure tilted toward stable, profitable companies.
- **ACWV** -20 % (Global Minimum Volatility) provides a defensive global equity base that helps smooth out market turbulence.

- **VCSH** - 30 % (Short-Term Corporate Bonds) keep interest rate risk low while supplying steady income.
- **BND** - 20% (Core Bonds) anchor the portfolio with broad fixed-income exposure.
- **SCHP** - 5 % (Inflation-Protected Bonds) defend purchasing power.
- **Cash/Cash equivalent** - 5 % ensures liquidity and protects against market downturns during withdrawals.

This is a preservation-first portfolio built to support consistent withdrawals with minimal stress.

Here are some **Beginner-Friendly** “Starter Portfolio Templates”

Example:



Super Simple Beginner Portfolios

80% **VTI** — Vanguard Total Stock Market ETF

Covers nearly the entire U.S. stock market (large, mid, and small companies).
Super diversified, low-cost, and perfect for beginners.

20% **VXUS** — Vanguard Total International Stock ETF.

Gives you exposure to companies outside the U.S. (Europe, Asia, emerging markets). Helps you diversify globally so you're not relying only on the U.S. economy.



Slightly Advanced (Still Beginner-Friendly)

60% **VOO** — Vanguard S&P 500 ETF

Tracks the 500 largest U.S. companies—very stable, proven long-term growth. A classic beginner investment.

20% **VXUS** — Vanguard Total International Stock ETF

Adds global diversification outside the U.S., spreading risk across worldwide markets.

20% **BND** — Vanguard Total Bond Market ETF

A broad U.S. bond fund. Helps balance out stock volatility and lowers risk.
When stocks dip, bonds often help smooth the ride.



Aggressive

70% **VOO** — Vanguard S&P 500 ETF

Focused on America's biggest companies with strong long-term performance.
High growth potential.

30% **QQQ** — Nasdaq 100 ETF

Very tech-heavy (Apple, Microsoft, NVIDIA, Amazon, etc.) and fast-growing companies. Higher risk and more volatility, but also higher potential returns.

Key Takeaways :

1. Your portfolio should evolve with your age, your goals, and time horizon, so what you see in the age stages is just examples , you'd come up with your own goals.
2. Stocks fuel growth; bonds and alternatives provide stability.
3. International diversification reduces single-country risk.
4. Rebalancing keeps risk aligned with your target allocation.
5. Consistency beats timing — stick to your plan and avoid chasing trends.

 Note this is just a guide not financial advice

Course 10 — Maintaining & Rebalancing Your Portfolio

Keeping your investments aligned and growing over time

Over time, some investments grow faster than others. This causes your portfolio to drift from your target allocation. Rebalancing brings it back in line, maintaining your desired risk and growth profile.

Why Rebalance?

Rebalancing is about risk management, not chasing returns.

For Example:

- Target allocation: 70% U.S. Stocks (VTI), 20% International Stocks (VXUS), 10% Bonds (BND)
- After a strong year in U.S. stocks:
 - VTI grows to 80%
 - VXUS drops to 15%
 - BND stays at 5%

Without rebalancing, your portfolio has become riskier than intended. Selling some VTI and buying VXUS and BND brings it back to 70/20/10, ensuring your portfolio reflects your original strategy.

Step 1: A Rebalancing Method — The Calendar method :

- You Rebalance on a set schedule: annually, semi-annually, or quarterly.

Step 2: Review Your Portfolio

Log in to your brokerage account and calculate the current percentage of each asset class:

- U.S. Stocks
- International Stocks
- Bonds
- Alternatives

Compare these percentages to your **target allocation** you set in this example 70% stocks , 20% international stocks , 10% Bonds.

Step 3: Execute the Rebalance

There are two main ways to rebalance:

Method 1 : Selling existing investments in portfolio without adding new cash

This method focuses on adjusting your existing investments to restore your initial target allocation.

Step-by-Step:

1. Identify winners: Assets that have grown above your target percentage.
2. Sell a portion: Reduce the size of these overperforming assets.
3. Identify underperformers: Assets that are below your target percentage.
4. Buy more: Use the proceeds from selling the winners to purchase more of the underperforming assets.

Example:

- Target allocation: 70% VTI, 20% VXUS, 10% BND
- Current allocation: 80% VTI, 15% VXUS, 5% BND
- Action:
 - Sell \$10,000 of VTI (overweight)
 - Buy \$5,000 VXUS + \$5,000 BND (underweight)

- Result: Portfolio realigned to 70/20/10 😊

Why This Method Works:

- You're literally "selling high, buying low," taking profits from assets that outperformed and investing in assets that are temporarily undervalued.
- This Keeps your portfolio aligned with your risk tolerance.

Method 2 : using new money to bring your portfolio back to initial target allocation.

Step-by-Step:

1. Determine which assets are underweight.
2. Direct all new contributions to these underweight assets.
3. Continue until your portfolio reaches the desired allocation.

Example:

- Portfolio is off-target: VXUS and BND are underweight.
- New contribution: \$6,000
- Action: Invest the \$6,000 entirely into VXUS and BND until the portfolio aligns with your allocation % target.

Benefits:

- Avoids selling assets, which can reduce transaction fees and taxes in taxable accounts.
- Simple for accounts with regular contributions like monthly investments into an IRA.

Limitations:

- Only works if you have new funds to invest.
- If no new money is available, **Method 1** is necessary to rebalance effectively.

IRAs are ideal for rebalancing because:

1. **No tax consequences:** Buying and selling inside an IRA does not trigger capital gains taxes. 🎉
2. **Flexible:** You can adjust your allocations freely to stay on track.
3. **Automatic growth:** These accounts are designed for **long-term investing**, so rebalancing helps maintain your risk/reward profile without extra costs.

Additional Tips for you :

1. **Stay Consistent:** Keep contributing on a regular schedule.

2. **Adjust for Life Changes:** Marriage, children, or career changes may affect risk tolerance.
 3. **Monitor Fees:** Low-cost ETFs minimize long-term drag on returns.
 4. **Document Your Strategy:** Keep a simple spreadsheet or app log of allocations and rebalance dates.
 5. **Reassess Goals Every Few Years:** Ensure your portfolio aligns with retirement goals and personal milestones.
-

Course 11— Pulling It All Together: Your Action Plan

By this point, you've built a strong foundation in how to invest and the mindset you should have :

- You understand why investing outpaces saving over the long term.
- You know why your mindset is essential
- You know the basics of stocks, ETFs, and dividends.
- You've learned simple yet powerful strategies like buy & hold and dollar-cost averaging.
- You know how Traditional & Roth IRAs Work .
- You can build your first portfolio with confidence.
- You understand the common mistakes to avoid.

- You know how to grow beyond the basics.

The final step is simple: turn this knowledge you've acquired into action 😊.

Your 5-Step Beginner's Action Plan

1. Open a Broker Account when ready
 - Pick a platform that fits your needs .
 - Link your bank account to fund your investments.
2. Invest Your First \$50-\$500
 - Understand what assets you'll invest in first , this will take some work but you got it 😊.
3. Automate Your Contributions
 - Set up a monthly contribution of what you can afford into your chosen assets.
 - Automation ensures consistency and removes the temptation to "time the market." 😊
4. Reinvest Dividends
 - Turn on DRIP (Dividend Reinvestment Plan) so dividends automatically buy more shares.
 - This accelerates the compounding effect over time. 😊
5. Stay Consistent
 - Avoid panic selling during market dips that's how you lock in losses .
 - Don't chase hype or "hot stocks."

- Adjust your portfolio as you age to match your goals and rebalance at least once per year.

That's It🤪

The Mindset That Builds Wealth :

- **Time is your most powerful asset.** The earlier you start, the more time your money has to grow.
- **Consistency beats intensity.** Regular contributions over time outperform sporadic large investments.
- **Ignore the noise.** Headlines, social media hype, and market panic are distractions. Focus on your plan, not the moment.

Consider this scenario:

If you start at 20 years old, and you just auto-invest \$200/month into an index fund that averages 8% a year...

by 60 you could end up with roughly \$670,000+

You only personally put in about :

- $\$200 \times 12 \text{ months} \times 40 \text{ years} = \$96,000$

- But the market grew the rest.

~\$96k of your own money → potentially ~7× bigger because of compounding 😊.

So quick math again :

$200 \times 12\text{months} = 2,400$ a year

*Roth IRA or Traditional IRA Max contribution limit per year = \$7,000 under 50 & over 50 — \$8,000 per person

$2,400 \text{ a year} \times 40 \text{ years} = \$96,000 \times 8\% \text{ annual return \%} = \text{roughly } \$670,000$

In this scenario only \$2,400 of the possible \$7,000 Max was contributed to the IRA Account. now imagine your able to contribute more money 🙄😊.

This result doesn't require "winning the lottery" or chasing speculative stocks. It comes from a simple, disciplined plan applied consistently over time. Let compounding do its job and you'll see the results 😊. You don't get wealthy from how much you invest... you get wealthy from how LONG your money compounds and without interfering with the process.

If you'd like head back to our website (link below) and try our tools. scroll to the “our learning toolkit” section, there are some great tools there :

Main Website link :

 <https://mywealthpath.org/>

if you enjoyed your experience we'd like to hear from you give us a review here :

 https://docs.google.com/forms/d/e/1FAIpQLSc8cXejgjVI5mL7W6QUi-8_1pi-ITuUuyw1QffKaC08yHTjjw/viewform?usp=sharing&oid=106646271768049272359

Conclusion

Congratulations you've just completed our comprehensive guide! By taking the time to learn how to invest through IRAs & improve your mindset , you've grown already by investing in yourself 😊 and we're proud of you. Now that you have the knowledge to build wealth apply your knowledge and stay consistent and you'll reap what you sow. Remember: investing is not about luck or timing the

market. It's about **focus, discipline, and patience**. The habits you form today will compound into financial freedom tomorrow. Stay consistent with your plan. Continue learning. Adjust your portfolio as you grow, and don't let short-term market swings distract you or social media hype. Every small step you take now adds up over time. Your future self will thank you for the decisions you make today. 🎉

WealthPath -
"A Journey Uniquely Yours"

About the Founder of WealthPath

Rae'Quan is a learner of personal finance, wealth-building, and investing. Coming from a place where money and investing were rarely taught, he made it his mission to understand what wealth is and how it's created — not just in theory, but in real life.

Through years of studying market cycles, investor psychology, and how the wealthy actually think about money, Rae'Quan realized something powerful:

building wealth isn't just about numbers — it's *about mindset, discipline, and taking action* even when you're starting from nothing 😊.

Instead of keeping this knowledge to himself, he chose to share it in a way that's simple, real, and relatable — especially for beginners who feel overwhelmed or left out of financial education.

Rae'Quan believes anyone can change their financial future if they're willing to learn, be patient, and think long-term.

Rae'Quan decided to make this platform for free, including all the websites, and course content so that people who are willing to learn and are seeking to better their financial life can have access to a Gift created out of sincerity.

Anyone who'd like to donate out of appreciation can to his Cash App can , your support is welcome 😊👉 :

[https://cash.app/\\$QUANNGIFTed](https://cash.app/$QUANNGIFTed)

Contact Us :

✉ Email : info@mywealthpath.org

