

Allan Richmund Investment Portfolio



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Period 2

Profile

Allan Richmund is a 30 year old janitor in Baltimore, Maryland. He works at Benjamin Franklin Public high school. He has 3 young kids and a wife. Their ages are 10, 9, and 3. His wife is a loving stay at home mom, who also does extensive volunteer work in the community. He has to work 60+ hour weeks at times. Allan grew up in the nearby town of Alexandria. His favorite hobby is going to the gym.

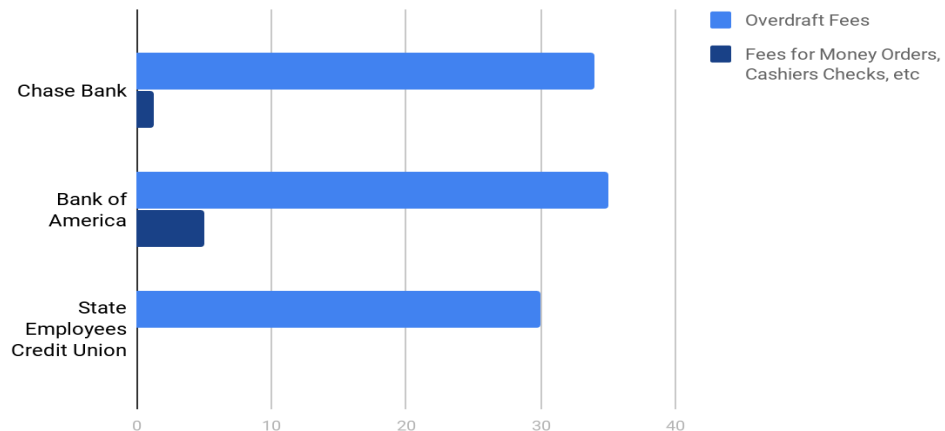
Allan makes \$23,440 a year while his wife makes \$56,880 annually. Their house costs \$159,000 with a 3.92% interest rate and a 30 year mortgage. He is 10 years into his mortgage. Joe does have some credit card debt. He currently has \$10,000 in credit card debt, with a 48% APR. Being a state worker, he has some job benefits, including a \$12,000 annual pension.

Outside of a basic economics course in high school, Allan does not have much financial education. He did, however, do an investment portfolio project in that class. His comfort level with investment tools is low, since he doesn't need that skill set for his career. Due to their situation, he currently do not have the purchasing power for an aggressive investment strategy. So, he will be pursuing a Conservative Allocation strategy.

Checking Account Comparison

	Bank of America	Chase	State Employees Credit Union
Name	Allan	ARichmund	AllanR
Monthly Service Fees	\$12	\$12	\$5
Overdraft Fees	\$35	\$34	\$30
Non-sufficient Funds Fee	\$35	\$34	\$30
Fee for money orders, cashiers checks, and notary services	\$5	\$1.20	Free
Interest Rate	0.03%	0.01%	0.25%
ATM Surcharge	\$2.50	\$2.50	\$2.50
Degree of Convenience	Slightly cheaper and available	Slightly better returns	Convenient in certain areas, not in Maryland
Minimum Balance	\$100	\$0	N/A
Cost to use another ATM	\$2.50 Domestic, \$5.00 int'l	\$2.50 domestic, \$5.00 int'l	\$1

Comparing Banks



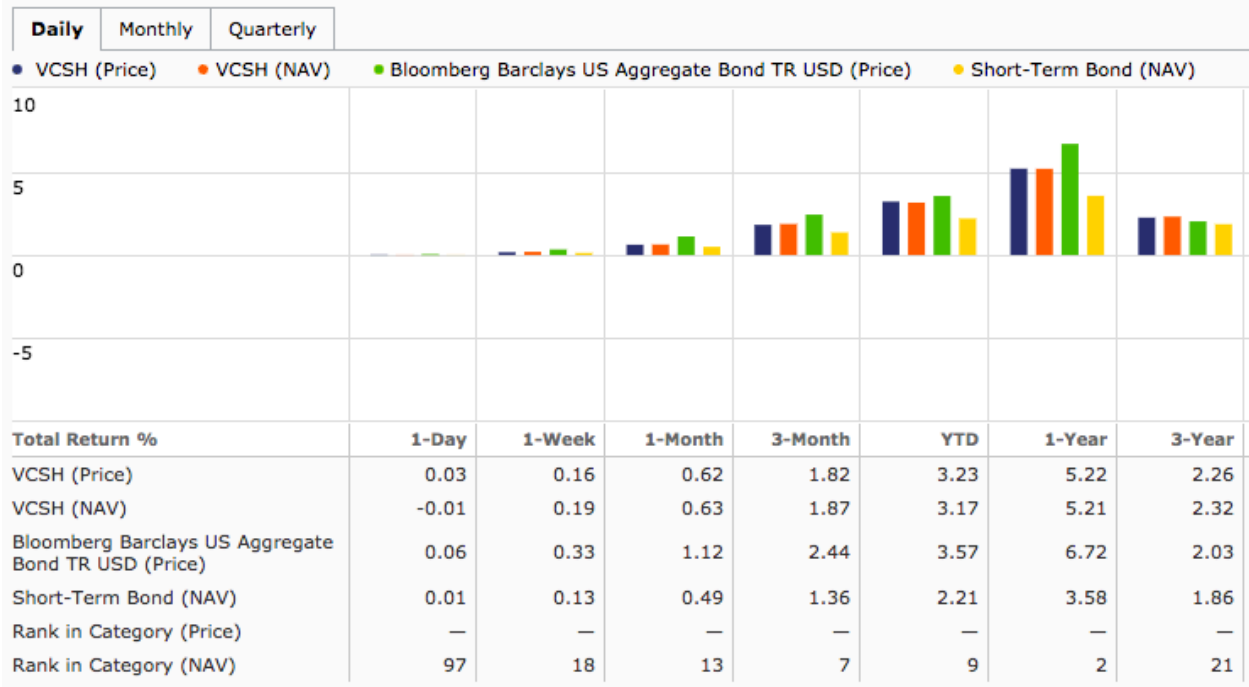
Allan will need a checking account, as his income is low and needs to constantly take money out in order to pay for expenses. He will be using Chase for his checking account. While it has a low interest rate at 0.01%, it is constant regardless of your balance, which can't be said with the other two options. With a low risk strategy, a dependable interest rate is their best option. Chase is widely available across the country, although the same can be said for Bank of America (BoA). Chase also beats out BoA in money order and overdraft fees. The State employees credit union actually beats the other two in many rates, but lacks in availability, especially in Maryland. The minimum opening deposit of \$25 with Chase is much better to individuals like Allan who have a low income, where even depositing \$100 for BoA may strain their financial situation even more. Chase is also known for its convenience, and for a family of 5 with a low income, convenience is one of the most important factors when you don't have much free time and money.

Bond Funds

Vanguard Short-Term Corporate Bond ETF (VCSH)

Vanguard Short-Term Corporate Bond VCSH is a strong option for an efficient, low-cost exposure to the short-term corporate bonds. The YTD return is 3.23% recommended span for this bond is 1 month to a year for best return. By 1 year approximate return is 5.25%, in the graph that represents the total returns from time span of 1 month to a year is when Allan can get the best returns which is a good for him because his goal is to

Trailing Total Returns VCSH

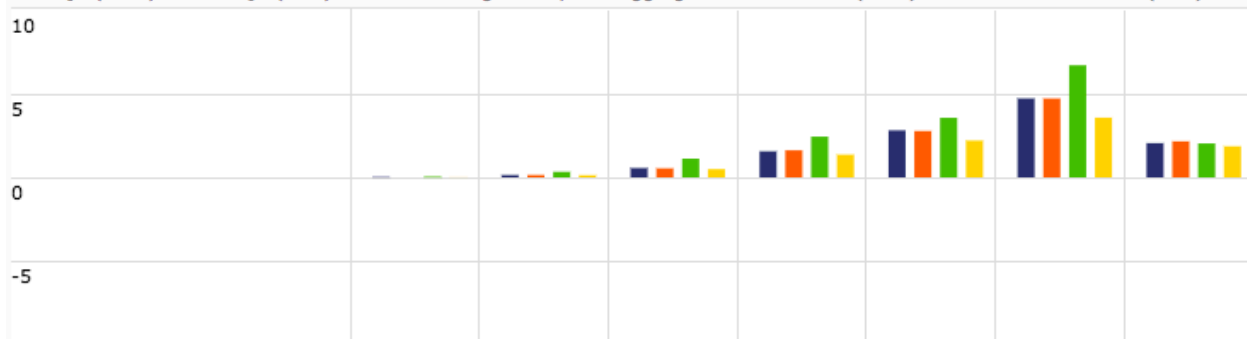


receive the best return in short term.

iShares 0-5 Year Invmt Grade Corp Bd ETF (SLQD)

SLQD seeks to track the investment results of an index composed of U.S. dollar-denominated, investment-grade corporate bonds with remaining maturities of less than five years; which targets US investment-grade corporate debt. The returns are similar to VCSH however the SLQD has a lower pricing currently \$50.43 while VCSH is currently \$79.70. May not be a best price to sell but for Allan it will be better to buy it cheaper and having a best return in a year of 4.83%. Both SLQD and VCSH is a great option of bonds for Allan because they have the best return rates for short term and affordable for him.

Trailing Total Returns SLQD

Daily	Monthly	Quarterly							
<div><div>● SLQD (Price)</div><div>● SLQD (NAV)</div><div>● Bloomberg Barclays US Aggregate Bond TR USD (Price)</div><div>● Short-Term Bond (NAV)</div></div>									
									
Total Return %			1-Day	1-Week	1-Month	3-Month	YTD	1-Year	3-Year
SLQD (Price)			0.04	0.14	0.56	1.56	2.82	4.73	2.05
SLQD (NAV)			0.00	0.14	0.54	1.62	2.78	4.73	2.16
Bloomberg Barclays US Aggregate Bond TR USD (Price)			0.06	0.33	1.12	2.44	3.57	6.72	2.03
Short-Term Bond (NAV)			0.01	0.13	0.49	1.36	2.21	3.58	1.86
Rank in Category (Price)			—	—	—	—	—	—	—
Rank in Category (NAV)			52	42	37	21	19	9	26

Savings Account

Allan Richmund has chosen to bank with Chase for his savings account as well. He has chosen Chase because it accommodates to the needs of all its customers. The interest rate for savings start at 0.01% like Bank of America and SECU but the APY percentage depends on Richmund's amount of deposit and can range from anywhere from 0.01% APY to 0.09% APY. Additionally, one way to avoid \$5 monthly fee is to have a balance of \$300 every day or at least one repeating automatic transfer of \$25. And even though Chase may not offer as high of interest rates as Bank of America, Richmund could open a long-term CD account to secure the bank's highest interest rates.

Bank of America	Chase
Checking accounts	
Bank of America Advantage Plus Banking <ul style="list-style-type: none">Monthly fee: \$12 (How to waive it).Minimum opening deposit: \$100.	Chase Total Checking[®] <ul style="list-style-type: none">Monthly fee: \$12 (How to waive it).Minimum opening deposit: \$0.
Savings accounts	
Bank of America Rewards Savings <ul style="list-style-type: none">Interest rate: 0.03% APY on all balances for standard accounts.Monthly fee: \$8 (How to waive it).	Chase SavingsSM <ul style="list-style-type: none">Interest rate: 0.01% APY (effective 3/15/19; rates are variable and subject to change).Monthly fee: \$5 (How to waive it).

Certificate of Deposit

Allan has also decided to open a certificate of deposit account with Chase rather than Bank of America or State Employees Credit Union (SECU) because of the various benefits it offers in addition to the relationship advantages. Assuming that Allan will deposit \$1,000. the best choice would be Chase Bank. This is because the existing checking and savings accounts with Chase allow for Allan to have a bonus interest rate of 1.40% with his CD so long as he chooses to bank with them. Furthermore, Chase offers very lenient grace periods of 10 days before the CD's term is due in comparison to SECU's 7 day grace period, and also clearly lays out their early withdrawal fee exemptions. Moreover, Chase's early withdrawal fees are not as harsh as Bank of America's and are on par with that of SECU's. Chase is the optimal choice for Allan's CD account because of its benefits with related accounts, strong grace period, clearly stated fees and exemptions, and strong interest rates. Down below are Chase's CD rates as of 5/17/2019.

CD TERM	\$0 - \$9,999.99	\$10K - \$24,999.99	\$25K - \$49,999.99	\$50K - \$99,999.99	\$100K - \$249,999.99	\$250K+
1-Month	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
2-Month	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
3-Month	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
6-Month	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
9-Month	1.01%	2.00%	2.00%	2.00%	2.25%	2.25%
12-Month	0.02%	0.02%	0.02%	0.02%	0.05%	0.05%
15-Month	0.05%	0.15%	0.15%	0.15%	0.20%	0.20%
18-Month	0.15%	0.25%	0.25%	0.25%	0.30%	0.30%
21-Month	1.40%	2.00%	2.00%	2.00%	2.25%	2.25%
24-Month	1.15%	1.25%	1.25%	1.25%	1.25%	1.25%
30-Month	1.15%	1.25%	1.25%	1.25%	1.25%	1.25%
36-Month	1.30%	1.40%	1.40%	1.40%	1.45%	1.45%
42-Month	1.30%	1.40%	1.40%	1.40%	1.45%	1.45%
48-Month	1.40%	1.50%	1.50%	1.50%	1.55%	1.55%
60-Month	1.40%	1.50%	1.50%	1.50%	1.55%	1.55%

Here we can see the interest rates associated a Chase certificate of deposit in correlation to the initially deposited amount.