

# PORTFOLIO INVESTMENT PREPARED FOR GERTRUDE SMITH



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Government P.3

## Portfolio

### Profile

Gertrude Smith a 33 year old single mother living in an apartment a six year old daughter. She makes an annual income of \$30,000 as a sales clerk at Target, or \$2500/per month. Smith had recently divorced and obtained custody over her child. She lives in an single bedroom apartment with one kitchen, and bathroom. Her daughter attends a public elementary school, so she has no immediate need of money for college yet. She has a credit debt of \$5000 at 20% APR. The family likely has government assistance through food programs and fee waivers.



She owns a 2007 Lexus ES, which is good for transportation needs and nothing excessive., however she has used a loan to cover the cost. The car is about \$8000 with a 2 year plan, interest rate of 7%, a down payment of \$1500; this all adds to \$166/month for 2 years. Her car insurance is \$1337/ year from State Farm, roughly \$111/month, and her health insurance is covered by Medicaid. Smith pays \$900/month for rent, \$420/month for credit card debt, \$166/month for her car loan, \$111/month for car insurance, \$250 in emergencies, and the

rest toward daily needs.

Smith will receive a hundred thousand dollar inheritance from her mother, which can help secure immediate needs. If she were to invest in a changing market such as stocks and bonds, she would be in deep financial trouble if it turns down. She cannot risk such investment, and she is very careful on how she spends her money. Her family is scraping by and investing in bonds or stock is not a risk that can be taken. Smith in her situation is looking to secure a future for the next few years. Retirement is not her primary focus as her daughter will eventually head out to college, and maintaining living conditions. Her daughter will use on average \$9410 yearly at a public 4 year college, but that should be reduced with financial aid, scholarships, and fee waivers. Her current concern is focused on paying off her bills, taxes, credit card, insurance, and basic needs.



### Securing a Future

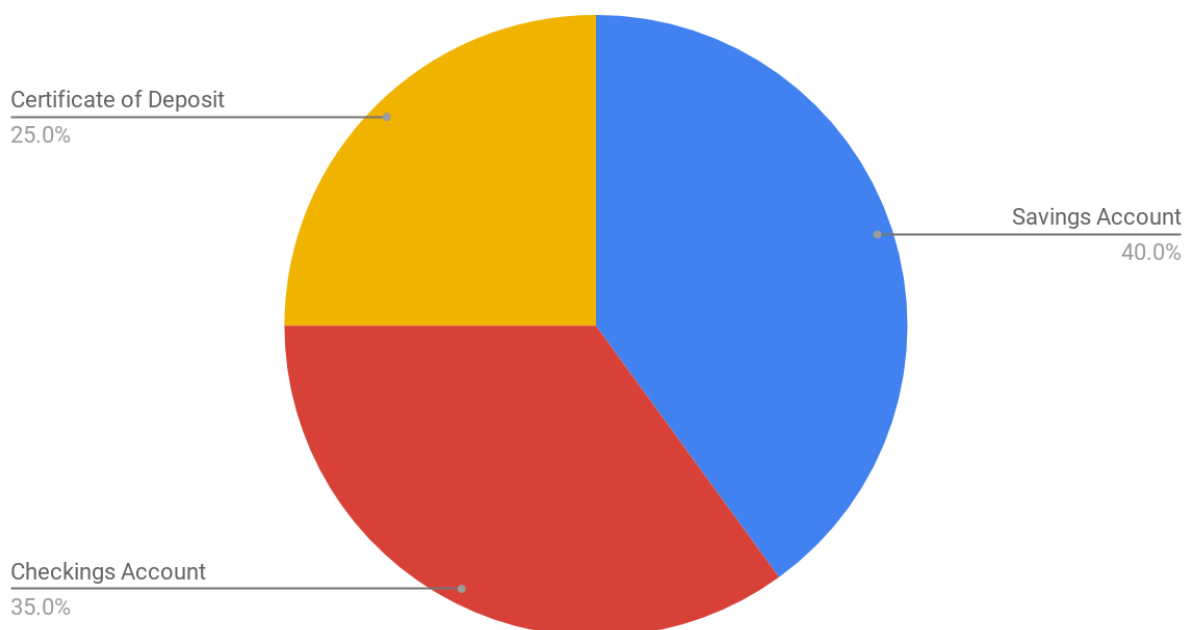
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### Investment Plan

The main means of investing will be through savings account, checking account, and certificate of deposits. Smith will need to regularly to withdraw money for goods and bills, so a good portion of her inheritance should still be readily available. However, she still needs to make some profit for future plans, and affording new commodities, or even education.

For the \$100,000, 25,000 will be put into certificates of deposits, \$40,000 into Savings, and \$35,000 into Checkings. This will ensure that Smith has money readily available, but also for future returns to earn a profit.

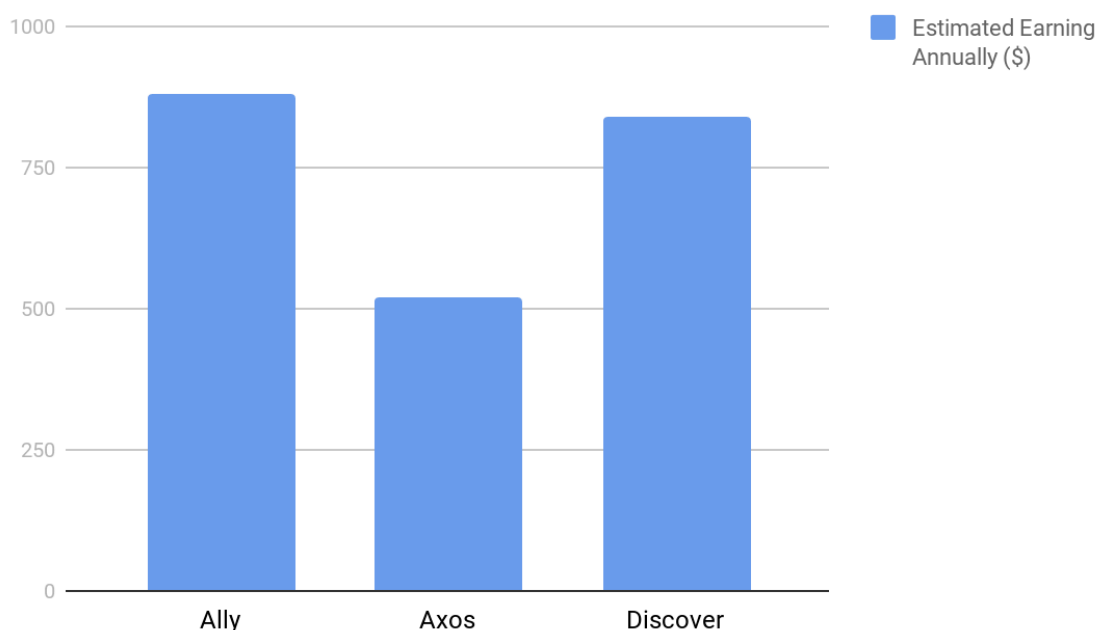
### Investment Plan



## Savings Accounts

Criteria	Ally Bank	Axos	Discover
Monthly Fee	None	None	None
APY	%2.2	%1.3	%2.1
Accessibility	Online	Online	Online
ATM Charges Over Limit	\$10	None	\$15
Minimum Balance	None	None	None
Estimated Earnings	\$880	\$520	\$840.69

## Money Earned

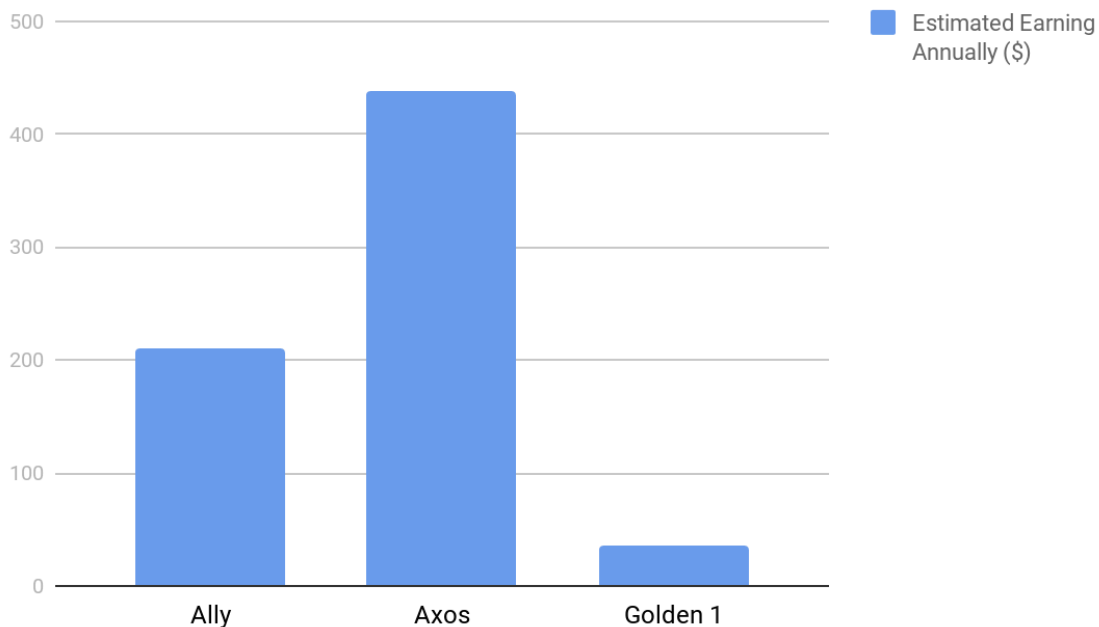


Smith needs a savings account with minimal to no monthly fee, along with good APY. We found that Ally Bank offers higher APY and lower excessive transaction fees than Discover. She likely use her Savings only in emergencies, but it will only be \$10 if she has to extract more. \$40,000 in Ally Bank over 1 year will yield \$880 dollars. This would be enough to cover monthly fees such as car loans, or credit debt. She will also be able to utilize this if she feels that she wants to save more, or take out if she is in need.

## Checking Accounts

Criteria	Ally Bank	Axos Bank	Golden One Credit Union
Monthly Fee	None	None	None
APY	.60%	1.25%	.10%
Accessibility	Online/ ATM	Online	Online/ On Site/ Atm
ATM charges over Limit	\$10	2%	1%
Minimum Balance	\$15000	\$1000 + \$3 purchase	\$1000
Estimated Earnings	\$210	\$437.50	\$35

## Money Earned



Going with Axos Bank simplifies depositing and withdrawal process as our client does not have much experience with financing. Also, Ally Bank offers a 1.25%APY, which is competitive among other banks. \$35,000 will be sent into the Checking for readily

Gertrude Smith  
Risk Level: 1

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Portfolio Value: \$100,000

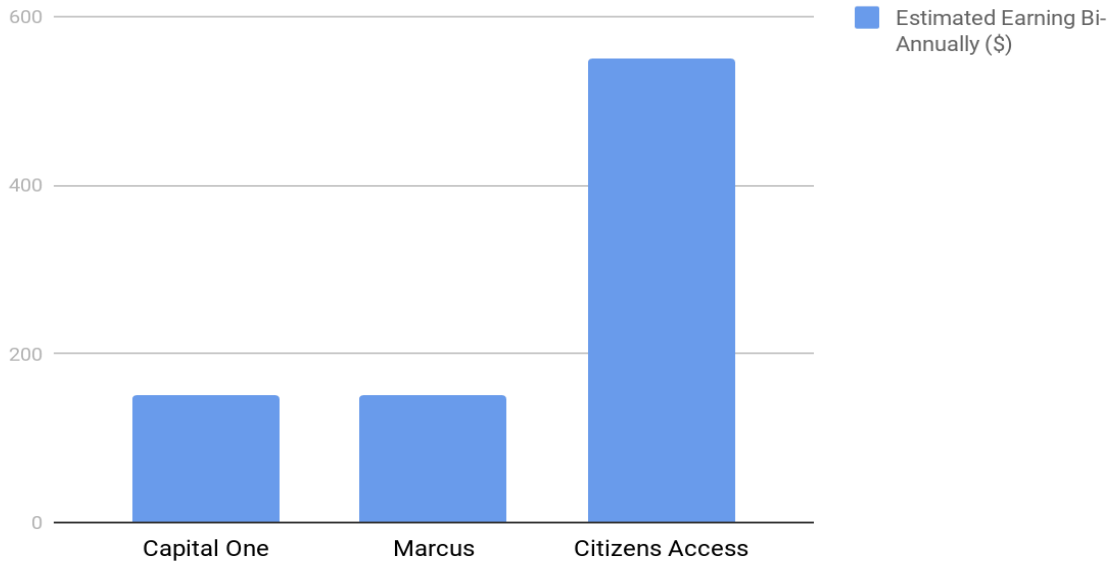
available use. Since Smith is in debt and has to pay off loans, a good portion of the inheritance should be available, but also gain money while waiting. Starting at \$35,000 with 1.25% APY, in 1 year that would yield \$437.50. Although this may seem small, Smith can use this money towards her debt and soon be debt free.



### Certificate of Deposits

Certificate of Deposits	Capital One	Marcus	Citizens Access
6 Month CD	%0.6	%0.6	%2.2
1 Year CD	%2.7	%2.7	%2.7
2 Year CD	%2.75	%2.65	%2.8
Estimated Earnings (bi-annually)	\$150	\$150	\$550
Minimum Balance	None	\$500	\$5000

### Money Earned



Certificates of Deposits are other ways of making money from interest, but with much less control than banks. They are riskier, but they could help money issues as Smith has a low risk level of being in debt with a single child. They cannot invest in bonds or stocks without little risk, but with CD, the Federal Deposit Insurance Corporation ensures the deposit account to be safe. Citizens Access has a higher return with 6 months CD, but it has a minimum balance of \$5000. However, that is not a problem since \$25,000 will be deposited, and it will yield \$550 in a shorter time. This provides more immediate access and safer security for Smith on short notices.