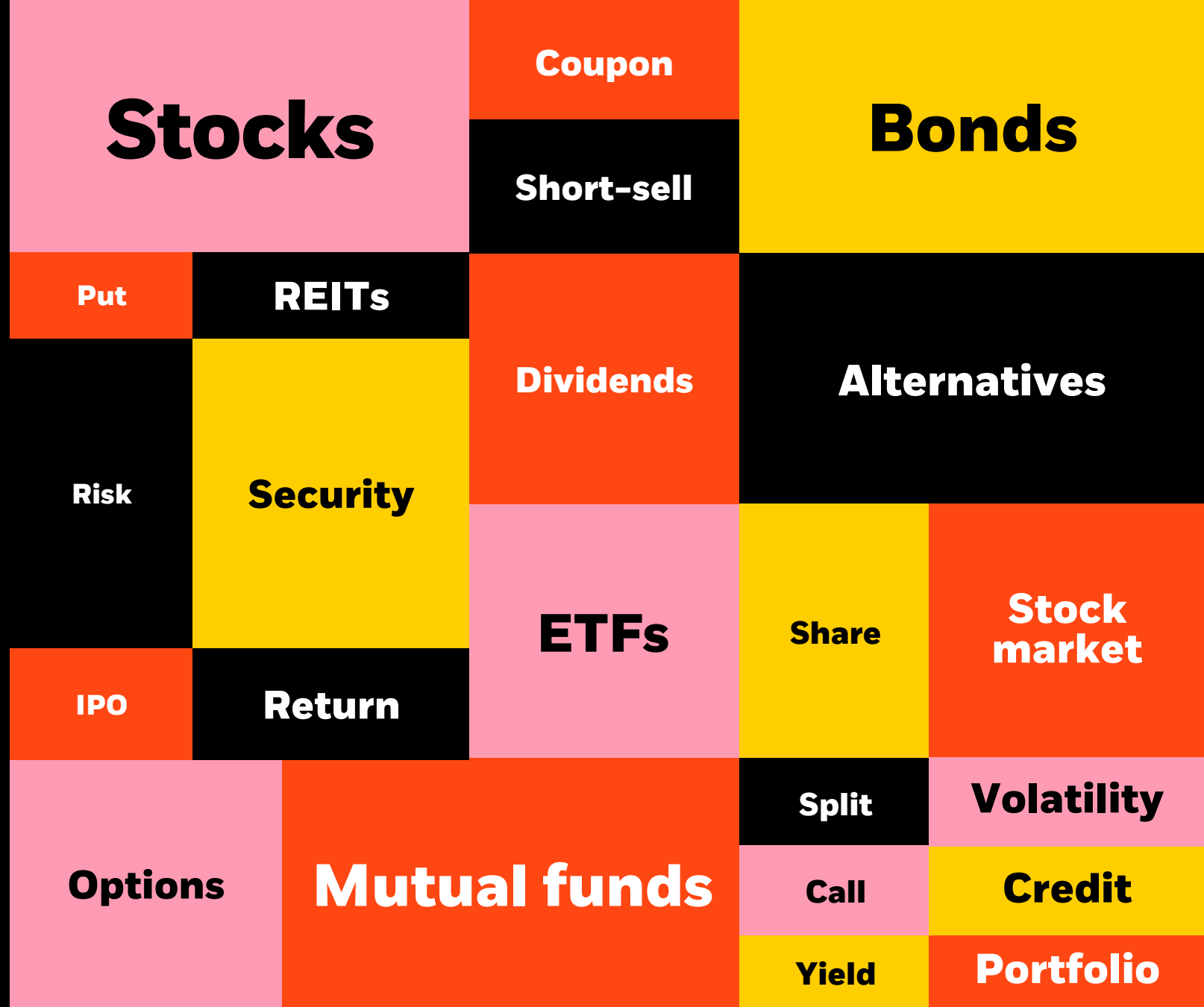




Investing basics

**Investing
can feel
overwhelming**



Agenda

1

**Know the
ingredients**

2

**Stick to
the recipe**

3

**Get
cooking**

Know the ingredients



What is saving vs. investing?

Saving



Short-term

Low chance of losing money

Low return

Investing



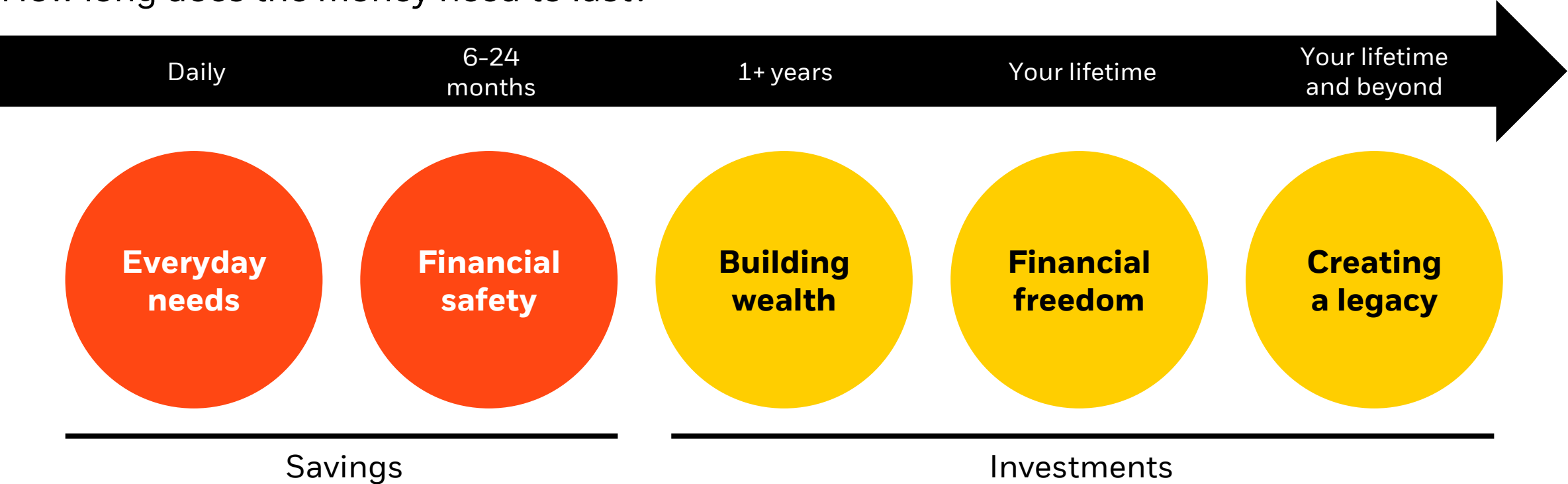
Long-term

Higher chance of losing money

Higher return

Know the roles saving and investing play...

How long does the money need to last?



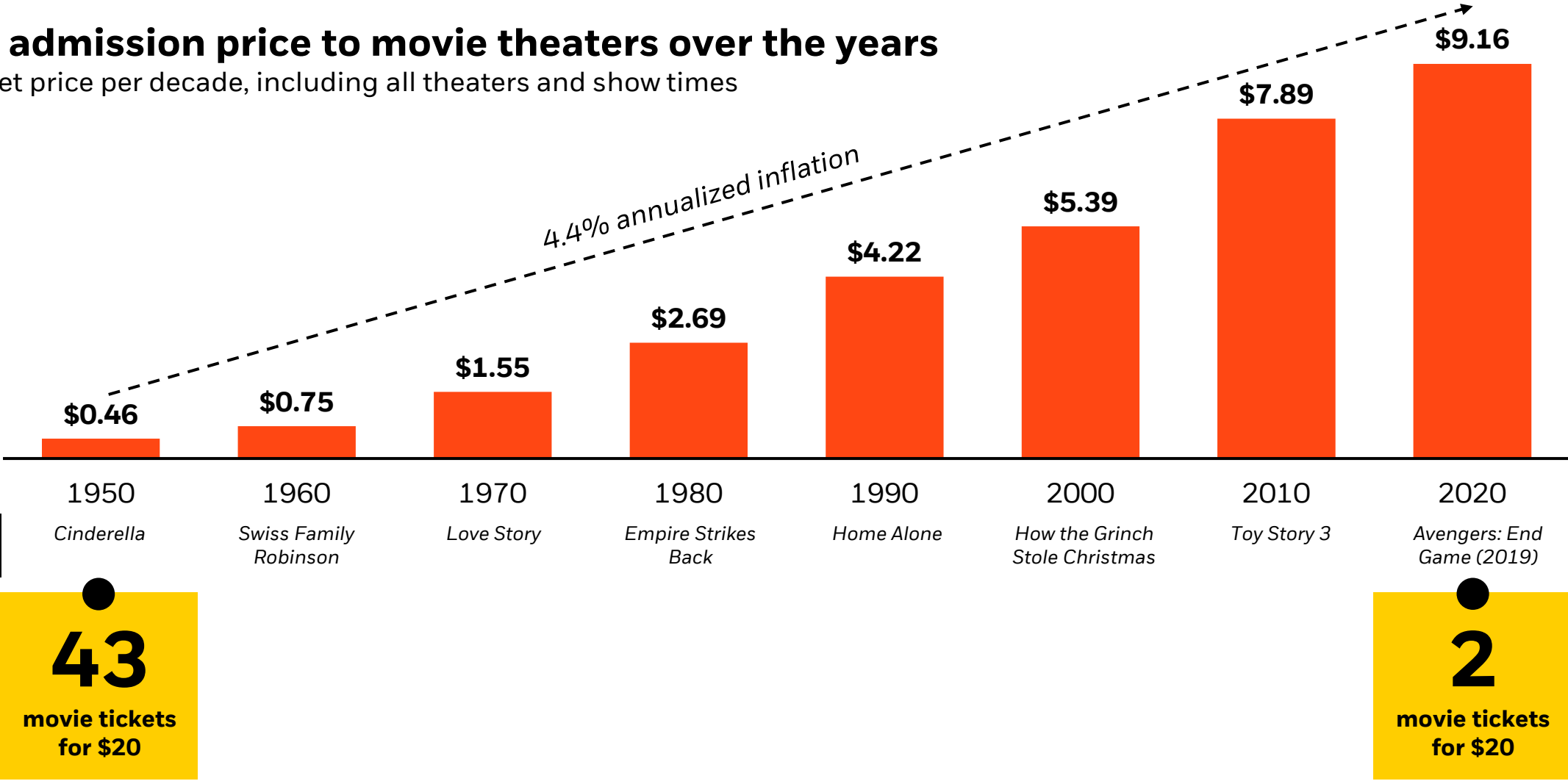
...because savings alone isn't enough to reach every goal in your life's journey

Source: BlackRock. For illustrative purposes only.

Inflation: The silent roadblock to your goals

Average admission price to movie theaters over the years

Average ticket price per decade, including all theaters and show times



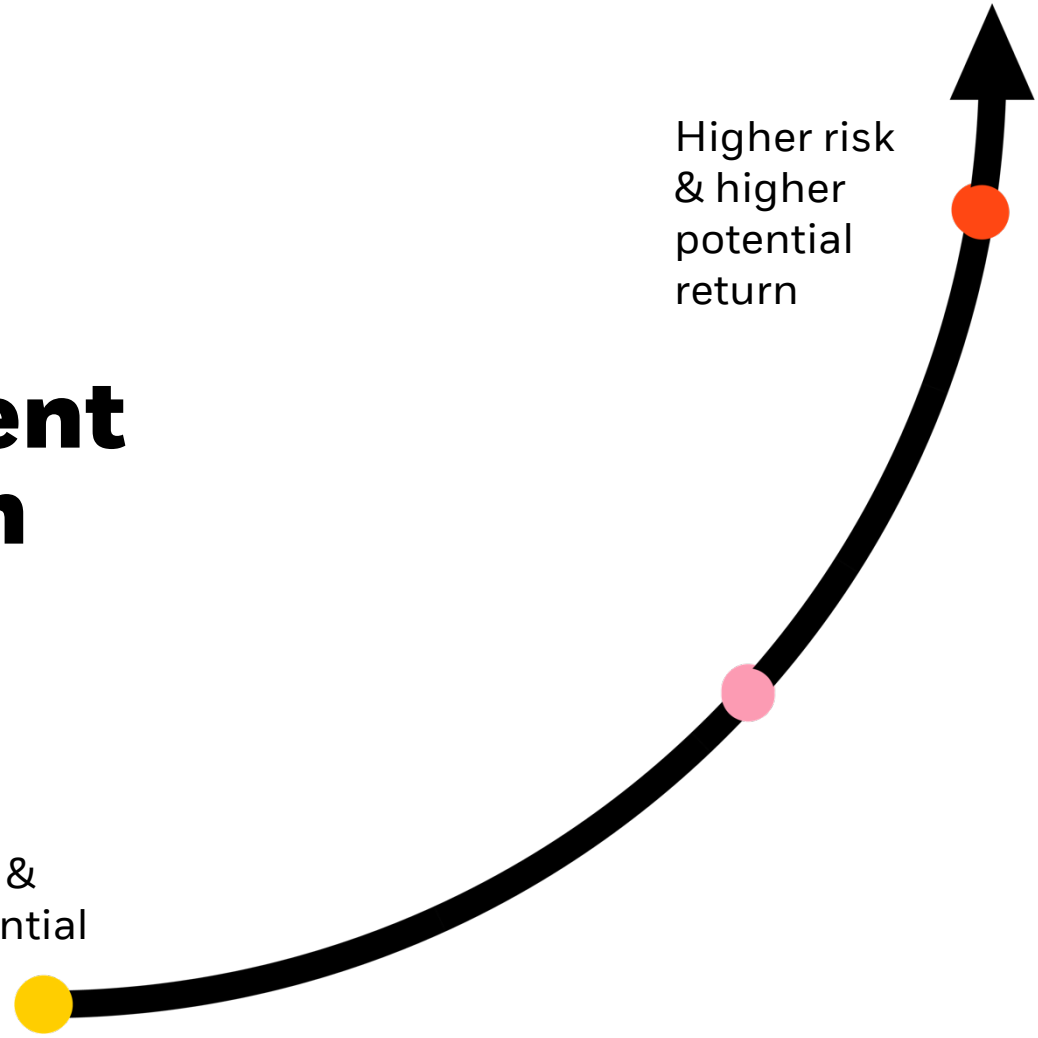
Source: Statista.com and USA Today as of 1/2/31/22. Annualized inflation calculated by BlackRock. Best selling movie in 2020 was "Bad Boys for Life". Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Examples of investing and savings

Investment spectrum

Lower risk &
lower potential
return

Higher risk
& higher
potential
return



Stocks

Bonds

Cash
(Savings account, Bank CDs)

Source: BlackRock. For illustrative purposes only.

Stocks

Be an owner



Bonds

Be a loaner



**Stick to
the recipe**



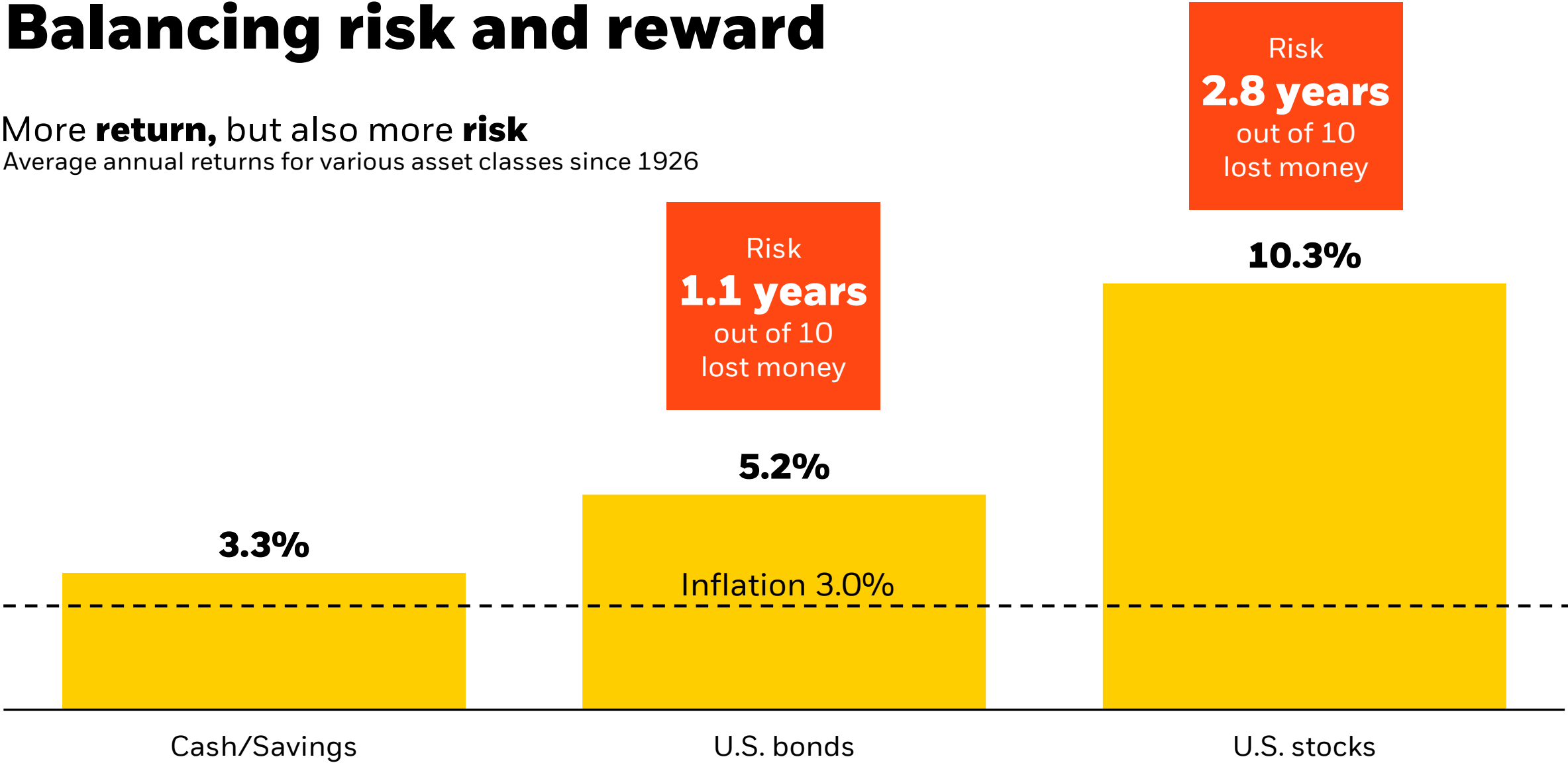


Portfolios and diversification

Balancing risk and reward

More **return**, but also more **risk**

Average annual returns for various asset classes since 1926

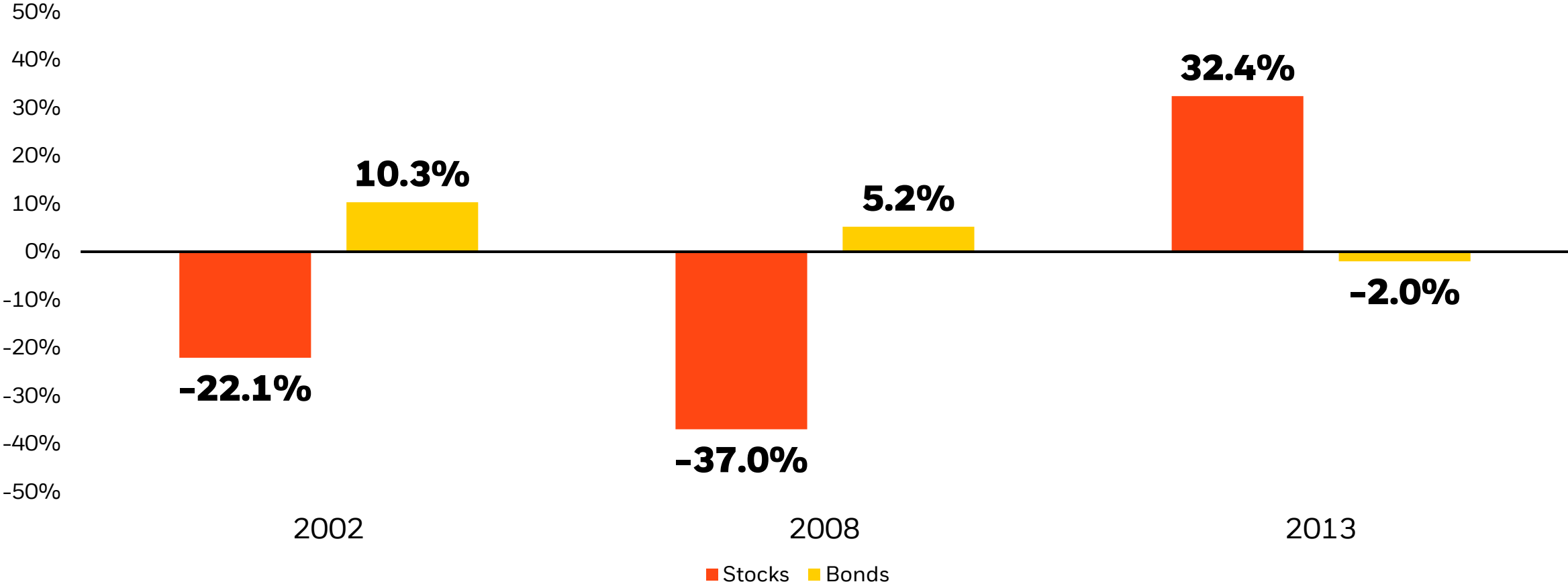


Source: Morningstar, BlackRock. Stocks are represented by the S&P 500 index from 3/4/57 to 12/31/23 and the IA SBBI U.S. large stock index from 1/1/26 and 3/4/57. U.S. bonds are represented by the Bloomberg U.S. Agg Bond TR index from 1/3/89 to 12/31/23 and the IA SBBI U.S. Gov IT index from 1/1/26 to 1/3/89. Cash/Savings are represented by the IA SBBI US 30 Day TBill TR Index from 1/1/26 to 12/31/23. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in an index.

Benefits of diversification

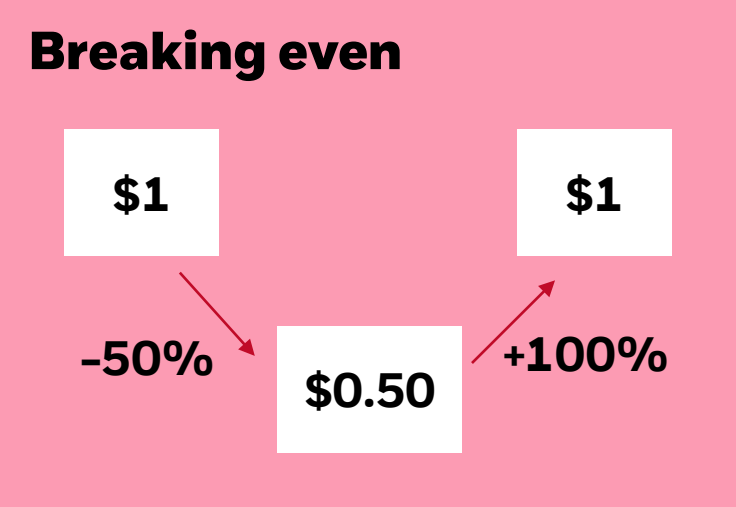
Different asset classes zig while others zag

Performance of stocks and bonds in select years with largest gap in performance between asset classes since 2000

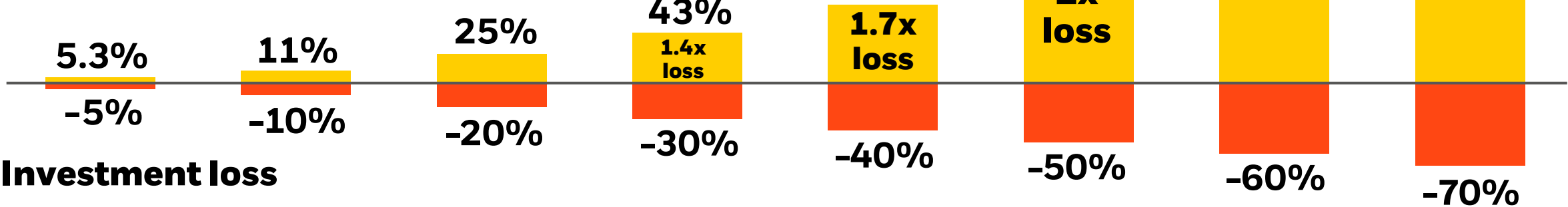


Source: Morningstar, BlackRock. Stocks are represented by the S&P 500 index from 1/1/00 to 12/31/22. U.S. bonds are represented by the Bloomberg U.S. Agg Bond TR index from 1/1/00 to 12/31/22. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in an index.

Understanding the math of investment loss

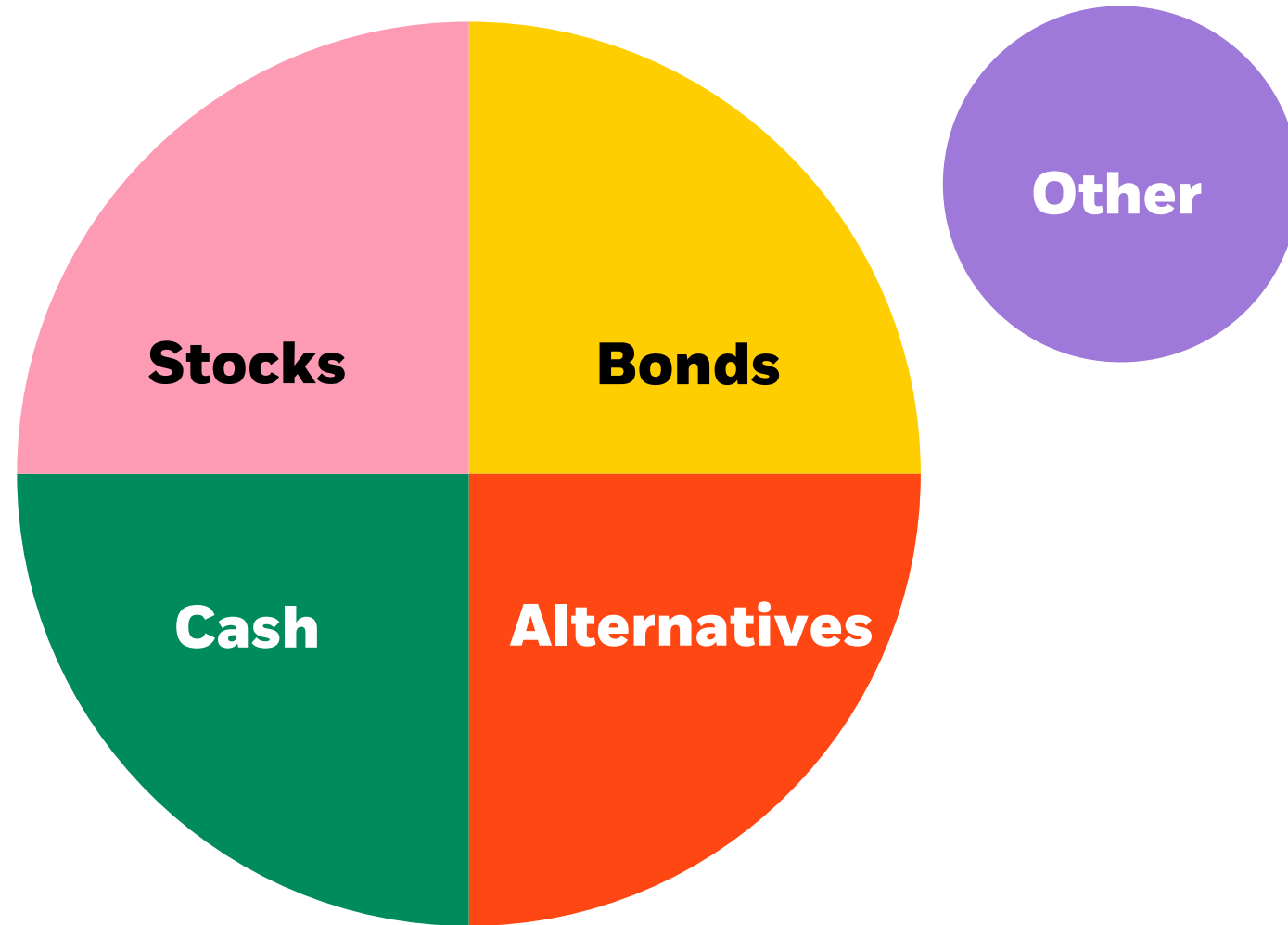


Return needed to break even



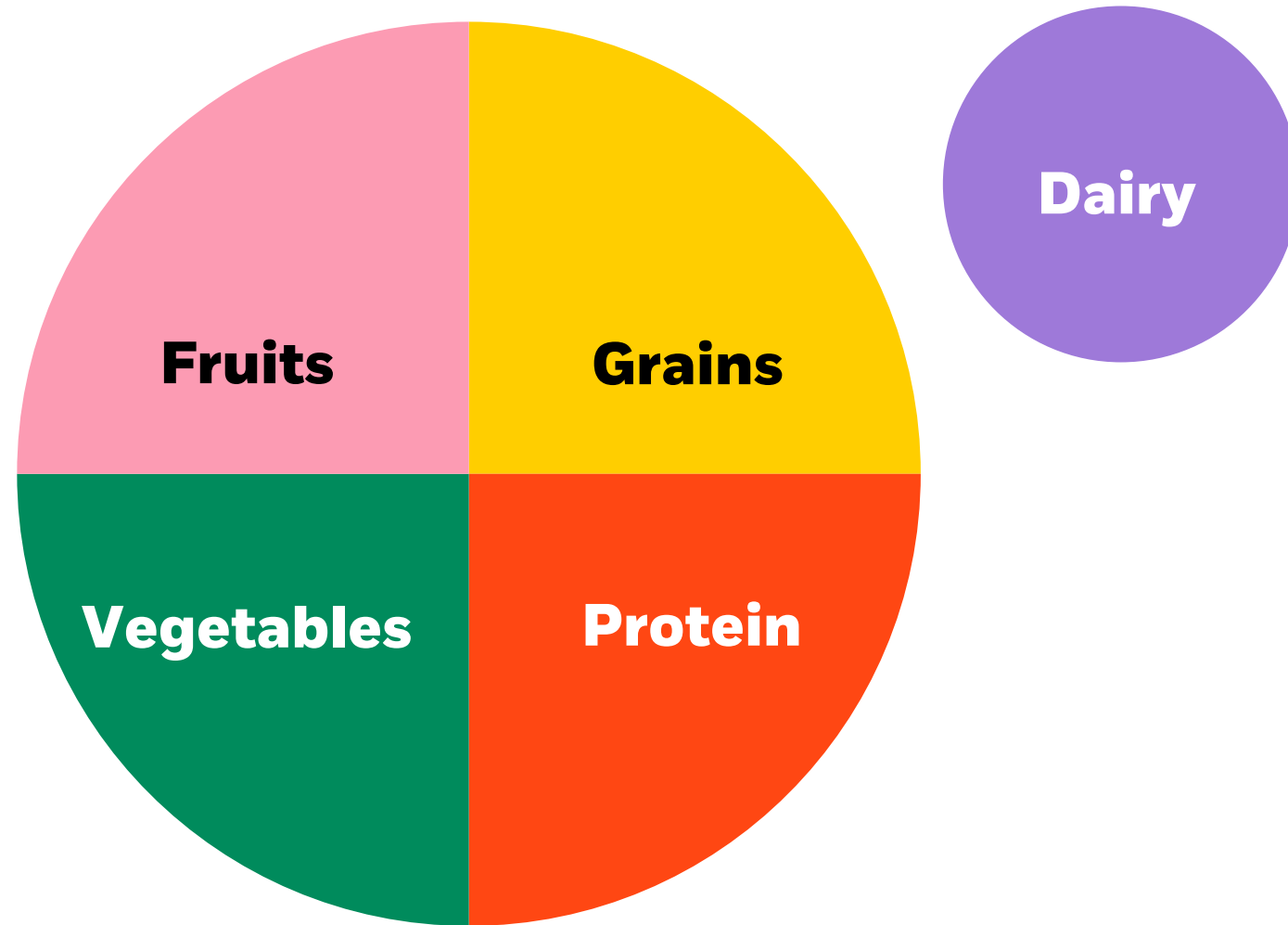
Source: BlackRock. For illustration purposes only.

A diversified portfolio is like a balanced diet



Source: BlackRock. For illustration purposes only.

A diversified portfolio is like a balanced diet



Source: BlackRock. For illustration purposes only.

Diversification can work – it might not taste good

S&P 500 Index returns compared to a Diversified Portfolio made up of 24% U.S. large stocks, 24% U.S. mid cap stocks, 5% international stocks, 2% U.S. small cap stocks, 5% emerging market stocks, 20% U.S. bonds, 20% high yield bonds

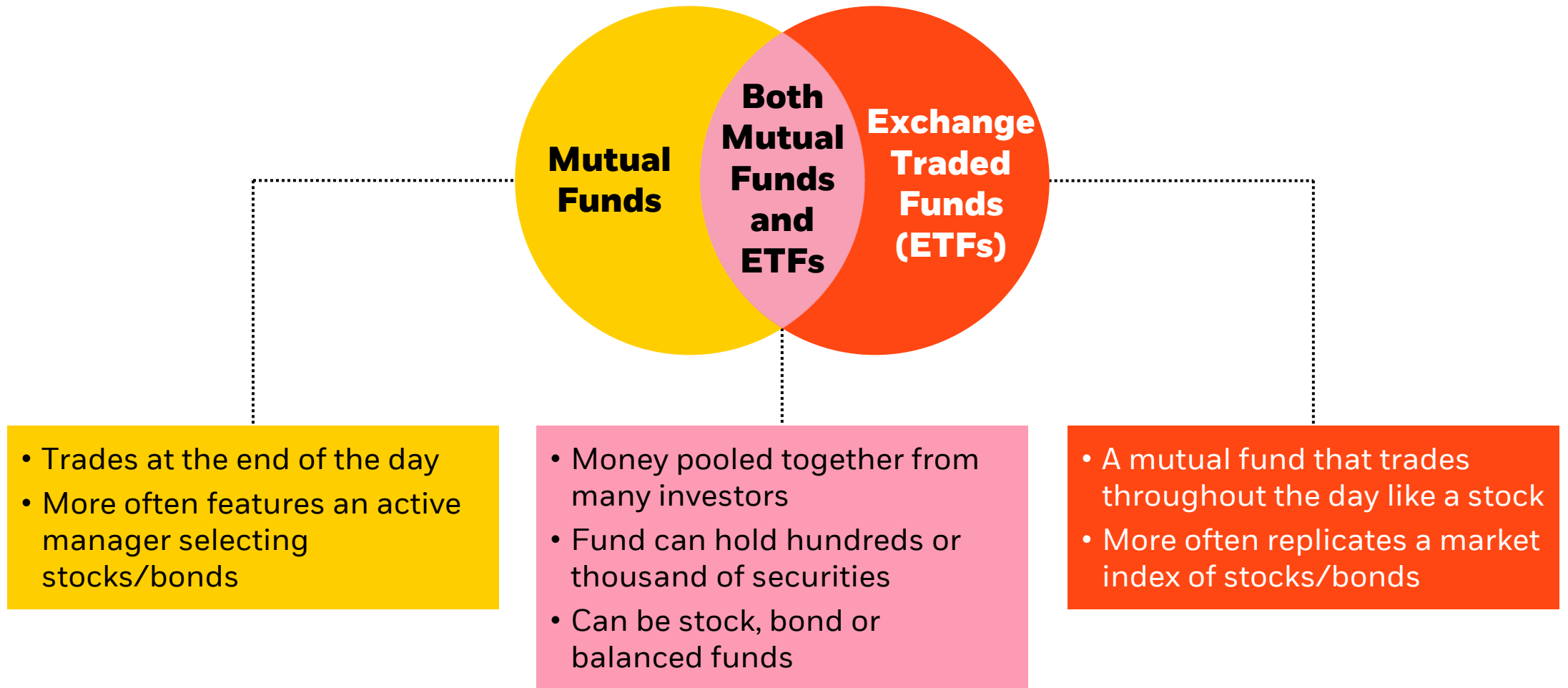
Years	S&P 500	Diversified portfolio	
2000–2002*	-40.1%	-15.7%	▶ “I lost money”
2003–2007	82.9%	91.5%	▶ “Diversification worked”
2008	-37.0%	-28.5%	▶ “I lost money”
2009–2019	351.0%	237.2%	▶ “I didn’t make as much”
Q1 2020†	-30.4%	-24.2%	▶ “I lost money”
Q2 2020-2021‡	119.0%	69.8%	▶ “I didn’t make as much”
2022	-18.1%	-15.3%	▶ “I lost money”
2023	26.3%	15.9%	▶ “I didn’t make as much”
Total return	390.8%	391.4%	
Gr \$100K	\$490,770	\$491,430	▶ “Diversification can work even when it feels like it’s losing”

Source: Morningstar as of 12/31/23. *Performance is from 9/1/00 to 12/31/02. †Performance is from 1/1/20 to 3/23/20. ‡Performance is from 3/24/20 to 12/31/21. Diversified Portfolio is represented by 24% S&P 500 Index, 24% Russell Mid Cap Index, 5% MSCI EAFE Index, 2% Russell 2000 Index, 5% FTSE Emerging Stock Index, 20% Bloomberg US Aggregate Bond Index, 20% Bloomberg US Corporate High Yield Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Get cooking

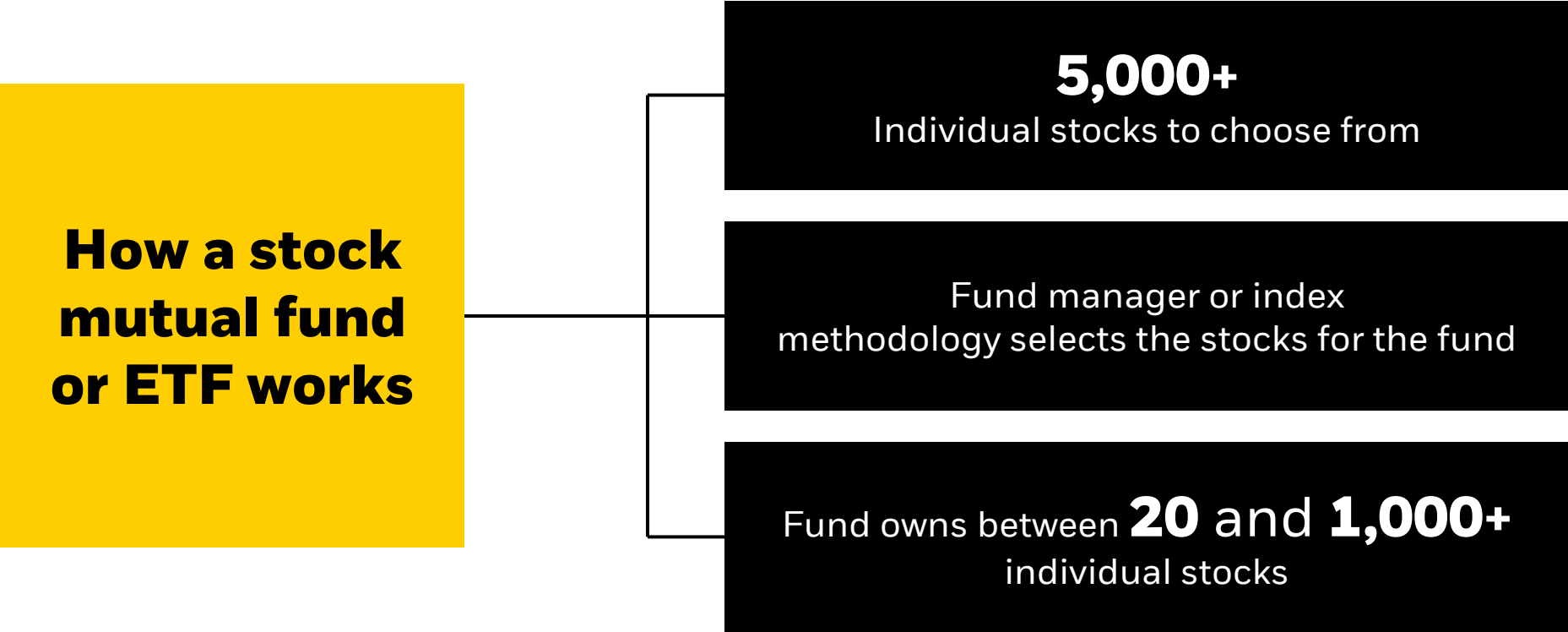


Funds are a great way to get started



Source: BlackRock. For illustration purposes only.

Funds provide natural diversification

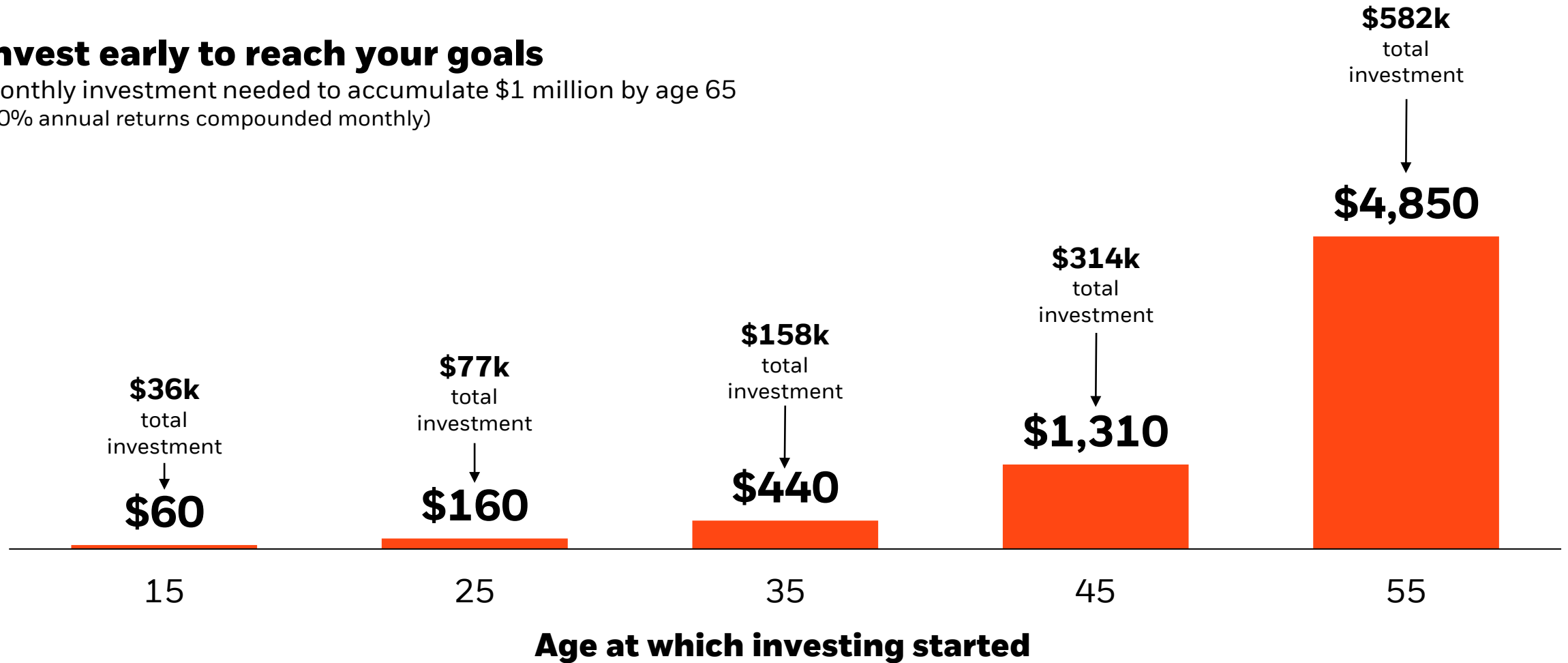


Source: BlackRock. For illustration purposes only.

Systematic investing punches above its weight

Invest early to reach your goals

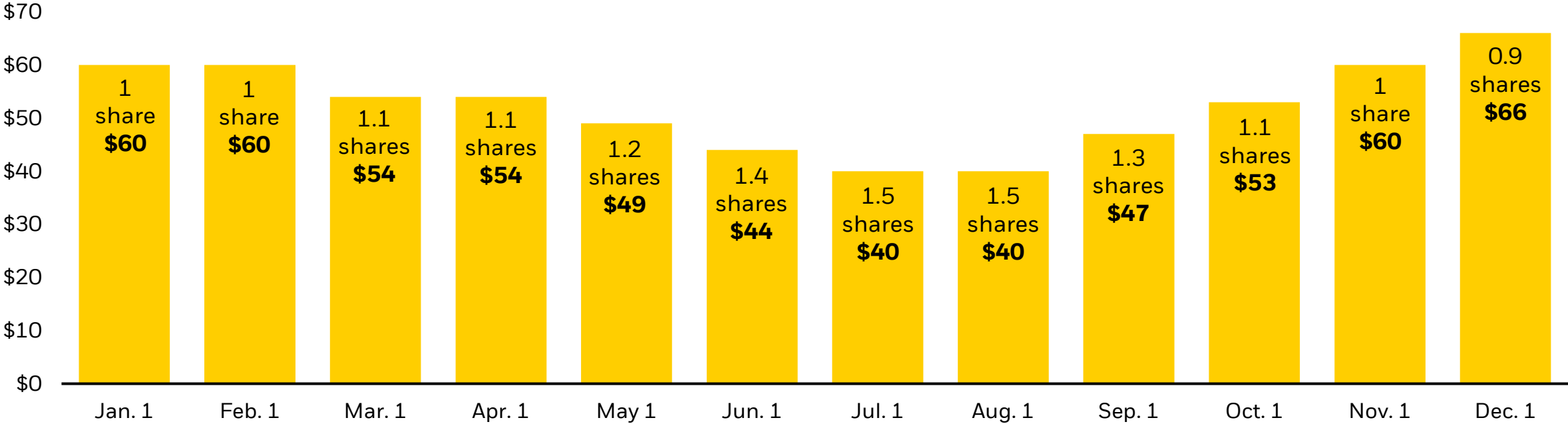
Monthly investment needed to accumulate \$1 million by age 65
(10% annual returns compounded monthly)



Source: BlackRock. Hypothetical examples for illustration purposes only.

Invest through market ups and downs

Hypothetical example of investing \$60/month for 1 year into an asset with starting value of \$60/share



14.1
total shares purchased

\$51.06
average price/share

+\$210.60
gain over the period

Source: BlackRock. Hypothetical example for illustration purposes only and is not meant to represent the performance of any particular investment. Number of shares purchased each hypothetical month is rounded up or down to the nearest tenth of a decimal point for simplicity. Systematic investing does not guarantee a profit and does not protect against loss in declining markets. Systematic investing involves continuous investing, so investors should consider their ability to make periodic payments in all market environments. **Investing involves risks. Including the possible loss of all your principal.**

Where to invest?

Taxable brokerage account

**Retirement accounts
(IRA, 401(k)/403(b))**

College planning account (529)

Taxable brokerage accounts

Need: Building wealth

Contributions

- Contribute as much after-tax money as you want

Withdrawals

- Subject to both income and capital gains taxes

Purpose

- General wealth-building due to tax implications

Individual Retirement Account (IRA)

Need: Financial freedom

Contributions

- \$7,000/year
 - Traditional, Roth, or combination
- \$8,000/year if age 50+
- Subject to limits based on annual income

Withdrawals

- Taxed on Traditional, not on Roth*
- May affect income tax bracket
- Mandatory at age 72 (Traditional only)
- If before age 59.5, subject to an extra 10% tax penalty

Purpose

- Long-term, retirement-focused savings due to tax advantaged growth potential

Source: BlackRock, Internal Revenue Service as of 12/31/23. *Roth contributions are subject to tax if your contributions to a Roth account are 5 years or less. Known as the "5-year rule", an investor must have owned the Roth account for at least 5 years to avoid taxes on withdrawals, regardless of the account holder's age at time of either contribution or withdrawal. Investors should consult a Financial Professional for more information based on their specific circumstances.

Employer-sponsored retirement plan (401(k)/403(b))

Need: Financial freedom

Contributions

- \$23,000/year
 - Traditional, Roth, or combination
- \$30,500/year if age 50+
- Automatically deducted as a percentage of paycheck
- “Employer matching contributions” don’t count towards annual limit

Withdrawals

- Taxed on Traditional, not on Roth*
- May affect income tax bracket
- Mandatory at age 72
- If before age 59.5, subject to an extra 10% tax penalty
- Employer contributions subject to vesting schedule

Purpose

- Long-term, retirement-focused savings due to tax advantaged growth potential
- Often most accessible retirement option for investors

Source: BlackRock, Internal Revenue Service as of 12/31/23. *Roth contributions are subject to tax if your contributions to a Roth account are 5 years or less. Known as the “5-year rule”, an investor must have owned the Roth account for at least 5 years to avoid taxes on withdrawals, regardless of the account holder’s age at time of either contribution or withdrawal. Investors should consult a Financial Professional for more information based on their specific circumstances.

Get the most out of your retirement plan

Key takeaways

01

Contribute to your plan. Don't miss out on tax-advantaged growth

02

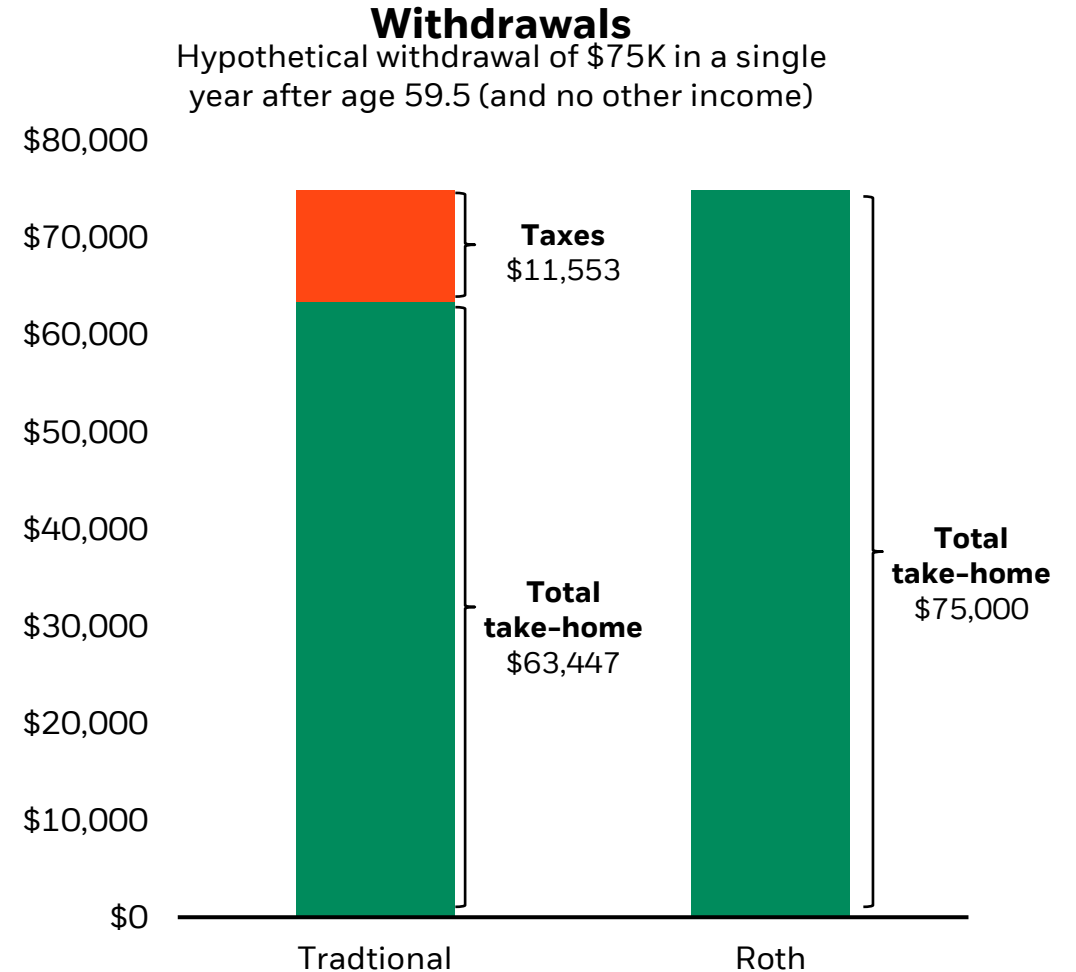
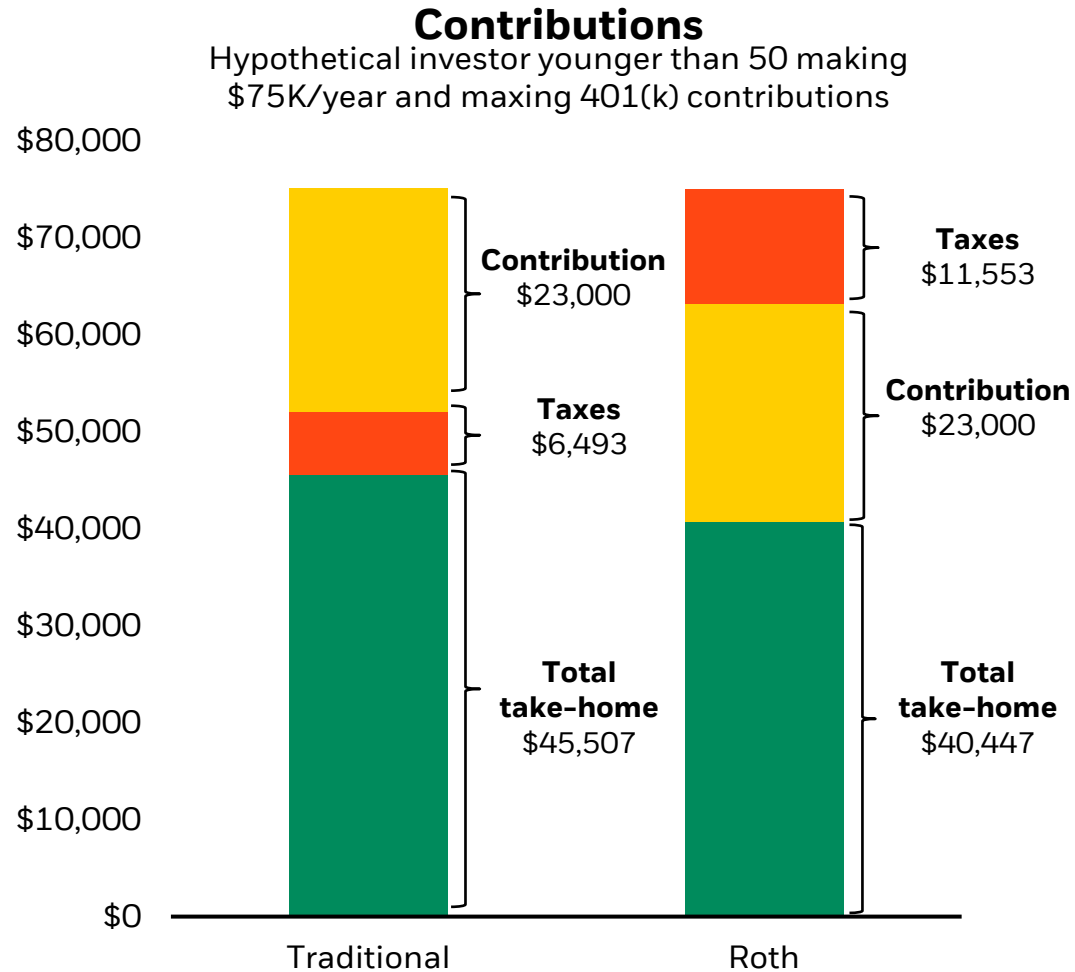
Meet the full match. Don't leave money on the table

Example: Employer match of 50% up to 8%, based off annual income of \$100K

Scenario-employee contribution %	Contribution per year	Employer match	Total contribution after 10 years	After 10 years with 3% growth
0%	\$0	\$0	\$0	\$0
2%	\$2,000	\$1,000	\$30,000	\$35,306
4%	\$4,000	\$2,000	\$60,000	\$70,612
6%	\$6,000	\$3,000	\$90,000	\$105,918
8%	\$8,000	\$4,000	\$120,000	\$141,224
10%	\$10,000	\$4,000	\$140,000	\$164,761

Source: BlackRock. Hypothetical examples for illustration purposes only.

Tax-advantage of retirement plans (IRA, 401(k)/403(b))



Source: BlackRock, Internal Revenue Service as of 12/31/23. Hypothetical example for illustration purposes only. "Taxes" are calculated using federal tax brackets only, based on a hypothetical \$75,000/year reported income. Total taxes may differ between investors based on income level, state residency, additional benefits, or other individualized factors. The hypothetical example shown is for educational purposes only and does not constitute tax-planning advice for any individual investor's financial circumstances.

College savings (529 plans)

Need: Legacy

Contributions

- After-tax and grow tax-deferred
- No limit
 - \$18,000/year limit per donor, per beneficiary for gift tax exclusion
- Contributions can no longer happen once total balance is \$235k-\$575k, depending on the state

Withdrawals

- Tax free if for qualified college expenses
- \$10,000/year tax free if used for qualified K-12
 - Amount above \$10,000 threshold is taxed
- Non-qualified withdrawals taxed and have an additional 10% tax penalty

Purpose

- Long-term planning for the next generation due to withdrawal uses and flexibility of options
 - Most states have multiple options for residents of any state
- Typically, investing in home state's plan comes with additional tax credits

Ask about other account options

Building wealth

- Joint Account
- UGMA/UTMA

Financial freedom

- 457 plan
- Thrift Savings Plan
- SIMPLE IRA
- SEP IRA
- Profit-sharing plan
- Health Savings Account
- Flexible Spending Account

Legacy

- UGMA/UTMA
- Coverdell
- Trust Account

Investing basics

1

Know the ingredients

- Savings vs. investing
- Many reasons to save and invest
- Stocks and bonds: “owner vs. loaner”

2

Stick to the recipe

- Portfolios and diversification
- Risk and return
- A diversified portfolio is a like a well-balanced diet, but sometimes doesn't taste good

3

Get cooking

- Mutual funds and ETFs
- Systematic investing
- Where to invest, different types of accounts

**Get started
right away**



Important notes

Returns as of 12/31/23	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
S&P 500 TR USD	26.29	15.69	12.03
IA SBBI US Large Stock TR USD Ext	26.29	15.69	12.03
Russell Mid Cap TR USD	17.23	12.68	9.42
MSCI EAFE NR USD	18.24	8.16	4.28
Russell 2000 TR USD	16.93	9.97	7.16
FTSE Emerging TR USD	9.10	4.78	3.59
Bloomberg US Agg Bond TR USD	5.53	1.10	1.81
IA SBBI US IT Govt TR USD	5.53	1.10	1.81
Bloomberg High Yield Corporate TR USD	13.45	5.37	4.60
IA SBBI US 30 Day TBill TR USD	4.95	1.79	1.18

Index definitions:

- The **S&P 500 TR Index** is an unmanaged index that is generally considered representative of the U.S. stock market on a total return basis. Included are the largest 500 stocks by market cap.
- The **IA SBBI IT US Large Stock TR Index** is an unmanaged index that is generally considered representative of the historical U.S. stock market on a total return basis prior to the inception of the **S&P 500 TR Index** in 1970.
- The **Russell Midcap TR Index** is an unmanaged index that is generally considered representative of the #201 to #1,000 largest stocks by market cap in the entire U.S. stock market on a total return basis.
- The **MSCI EAFE NR Index** is an unmanaged index that is generally considered representative of International (Ex-U.S. & Ex-Canada) Developed Market stocks on a net return basis.
- The **Russell 2000 TR Index** is an unmanaged index that is generally considered representative of the #1,001 to #3,000 largest stocks by market cap in the entire U.S. stock market on a total return basis.
- The **FTSE Emerging TR Index** is an unmanaged index that is generally considered representative of International Emerging Market stocks on a total return basis.
- The **Bloomberg U.S. Agg Bond TR Index** is an unmanaged index that is generally considered representative of the U.S. bond market on a total return basis.
- The **IA SBBI IT Govt TR Index** is an unmanaged index that is generally considered representative of the historical U.S. bond market on a total return basis prior to the inception of the **Bloomberg U.S. Agg Bond TR Index** in 1989.
- The **Bloomberg High Yield Corporate TR Index** is an unmanaged index that is generally considered representative of the U.S. corporate high-yield bond market on a total return basis.
- The **IA SBBI US 30 Day TBill TR Index** is an unmanaged index that is generally considered representative of the historical U.S. 30-Day Treasury Bill market on a total return basis.

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