

Unit 2.3 – Personal Investing Strategy

In this assignment, you will pick a financial goal and calculate how much you will need to save and invest to have enough money by the time you need it. For many of these goals, you will not need to have all the money at once, but enough for either a deposit or to cover the increase in expenses that will come from this new event or purchase.

For example, according to CNN it costs over \$230,000 to raise a child from birth to 17 years old. You don't need all that money by the time they're born, but for each child you choose to have, you can expect your monthly and annual expenses to increase proportionally. It works out to about \$13,000 per year, every year, per child.

First, pick one of the following financial goals:

- Buying a Home
- Hosting a major event, (like a wedding)
- Starting a business
- Starting a family
- Retirement

Based on your selection, do some research on how much this financial goal will cost. And then calculate how much time from today you have to reach this goal.

1. What is your financial goal?
2. How many years from today do you expect you have to save and invest before you are ready to pursue your financial goal?
 - a. For example, if you plan to retire at 65, how much money do you need to have saved for that time?
3. How much money will you be able to put into your savings for this financial goal every month?
4. How much money will that be per year until you reach the time you need the money?
 - a. Note: You should aim to have 10% of your annual income contributed to savings.
5. What is the total cost of the goal at the time you intend to take your money out of your savings/investments? Remember to factor in inflation!
 - a. For example, if your goal costs \$5000 today, and you need this money in 10 years, you will need to save \$6,94.97 if inflation stays constant at 2%/year.
6. How much does your capital need to grow to allow you to reach your goal per year?
7. What investments will you use that will allow your investment to grow, keeping in mind there are risks of losing your initial capital, (and/or your savings)?