MONEY MASTERMIND
FINANCIAL EDUCATION FOR EVERYONE
by Rocky Mountain Credit Union

LESSON 17:
Building Wealth and Understanding Insurance

Money Mastermind Lesson 17, Worksheet 1:
Investing Tips

Investment Strategy	Definition	Risk	Pros	Cons
Bonds	A type of loan in which you are the lender. You loan money to the government or a corporation with a set interest rate and maturity date	Often lower risk, but risk varies depending on 1) the ability of the issuer to repay the loan and 2) interest rate opportunity costs	- Usually provides more stability than stocks - Higher interest rate than a savings account	- Historically lower returns than stocks - Cashing in before maturity date could result in a loss of principal
Mutual Funds	A fund managed by a company that includes a portfolio of stocks or bonds	Risk varies depending on type of mutual fund	- Diversified - You can select different risk levels	- Return isn't guaranteed - Can be subject to expensive management fees
Stocks	When buying a stock, you buy partial ownership of a company	Different levels of risk—some can be very risky, but all stocks are subject to ups and downs of the market	- Potential for higher returns over the long-term	- The market goes up and down regularly, making it a volatile investment - Requires a long-term investment to get the best return - No guarantee for additional money above your investment (called the return) and you may lose your principal, too