

On May 22nd, we have an option...

Do you want to be a millionaire?

Today's learning objective:

By the end of class, I will be able to calculate the expense ratio's impact on my investments.

Today's language objective:

*I will verbalize the following terms like a finance professional today.

Expense Ratio : VDO

Roth IRA

Tax-free growth

Read the "Expense Ratio" article on the Rogers' economics website.

Write down your top 2 questions.

Write down terms or acronyms you don't understand.

What is an expense ratio?

How does it impact an investment?

V00
S&P 500
Vanguard
0.04%

SPY
S&P 500
.0945%

Expense Ratio impact formula

$$\text{Future Value} = \text{Present Value} \left(1 + r - \frac{\text{expense}}{\text{ratio}} \right)^t$$

$$PV = 5500$$

$$t = 40 \text{ yrs}$$

$$r = 7.7\%$$

0.04%

0.0945%

0.15%

0.25%

0.65%

2%

105,326.51

103,214.68

101,106.55

97,413.58

83,913.06

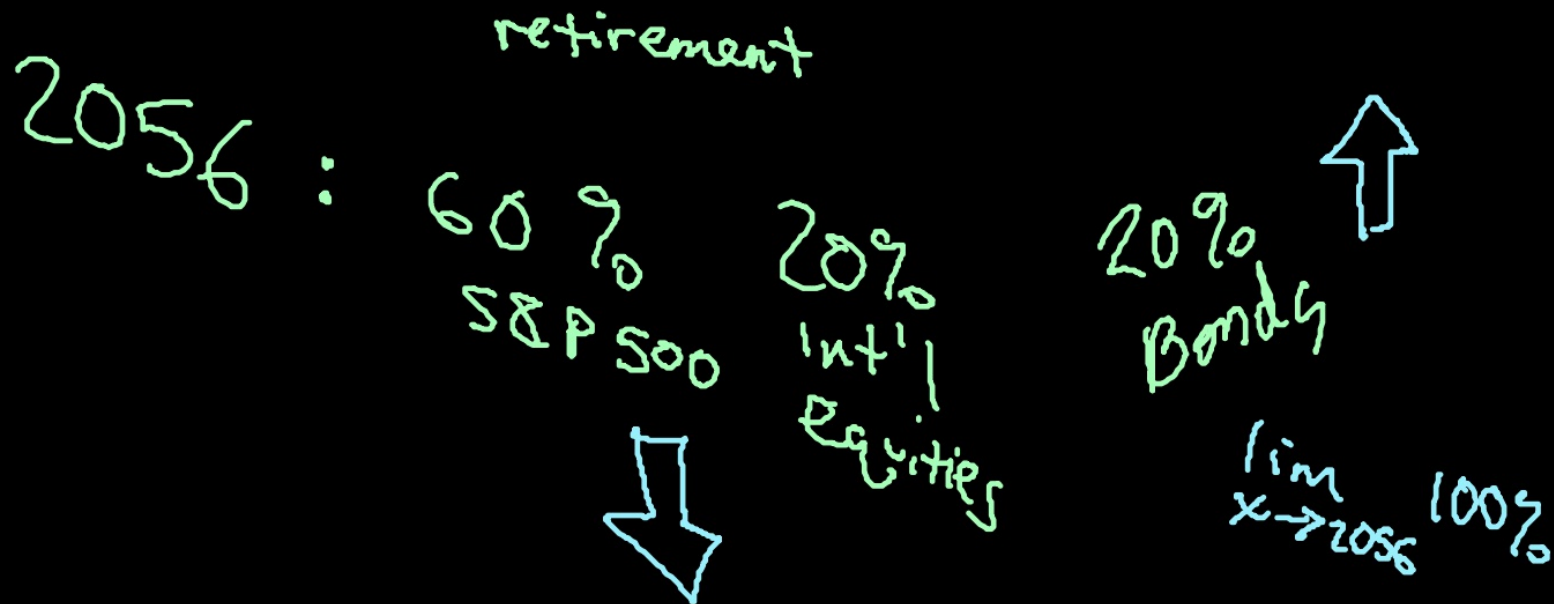
50,508

*What is an ETF?

Exchange Traded Fund



*What is a target date account?



Vanguard.com

*What info do I need to create a Roth IRA?

- Name, DOB, SSN, Bank Account, Contact info

*Is there a minimum amount of money I need to accumulate in order to create a Roth IRA?

-\$1 for Vanguard

*How do I fund my Roth IRA?

-Bank account (number and routing information)

*What money may transfer into a Roth IRA?

-Earned money through work only (vocational)

*Once the money is in a Roth IRA, in what security do I invest?

Stock

*Is there an age restriction?

-No age floor