

Assignments

Financial Plan Assignments

This section on investing is different from previous sections. Instead of vision and goals, these things are included (well mostly) in your Investment Plan, which we have shared a template for ([Investment Plan Example Template](#) (LT5A)), and then encourage you to change it to fit your situation. Because of the number of different and important parts to this Investment plan, we have chosen to give you more guidance.

Understanding yourself is a critical part of investing. It is important that you understand both your personal view of investing as well as your family view of investing—how you were brought up. Review the questions on investing from [Family - Key Questions on Money and Relationships](#) (LT21). Reviewing your past can help you gain important insights about the events that shaped your views on money.

Review the top of the investment hourglass. Where are you on the top of the hourglass? Determine where you are and determine the steps you must take before you begin investing.

When you have answered these questions, you are ready to start creating your Investment Plan.

First, copy the sample Investment Plan template found in [Investment Plan Example Template](#) (LT5A). While you do not need to know the entire plan today, it is important that you read through it. For this course, you will complete this entire Plan.

Second, complete the introduction to the Investment Plan and add the information on yourself and your spouse if you are married, including your names and ages.

Third, complete the introductions to each of the four sections. In the introduction to Section I, add the different accounts you will use. It is acceptable to include all the listed accounts as you may use many of them during your lifetime. In addition, you must determine two separate time stages for this Investment Plan. Generally, these time stages equate to your time before retirement as Stage 1 and time in retirement as Stage 2. Add this information.

Fourth, take a risk-tolerance test such as [A Risk-Tolerance Test](#) (LT16) or any number of tests available on the Internet. This will help you understand what kind of investor you are. After taking your risk-tolerance test, fill out the type of investor you are in Section I.B. (we should do this in class to help you).

Fifth, using your risk-tolerance test results, develop equity targets, bond targets, and other targets for Stages 1 and 2 in Section III.C.1. and III.C.2. Start first with the general rule of thumb of your age in bonds, then use the results of your risk-tolerance test to adjust those allocations. If you have questions, consult the notes for adjustments to the general rule of thumb at the end of [A Risk-Tolerance Test](#) (LT16). Later, you will return to this section to determine your allocations within the stock and bond asset classes.