Joy of Money Worksheet

“MAKE YOUR INVESTMENT PLAN”

This worksheet helps you turn financial readiness into action. You’ll check your foundations, define your goals, choose your investments, and set up a recurring plan that grows automatically.

Step 1: Do a Quick Money Check-In Before New Investing

Before starting new investments, check the box if your financial foundations are in place.

- [ ] I’m taking the match on my employer-sponsored retirement plan.
- [ ] I’ve eliminated high-interest credit card debt.
- [ ] I have a Life Happens Fund (3–6 months of expenses).
- [ ] I’m maxing out contributions to my available retirement accounts.

If you checked each, great work! Go to Step 2. If you answered no to any, I strongly suggest you get it to yes before moving on to Step 2.

Step 2: Figure Out Your Investment Goals and Timeline

Look back at your retirement plan for inspiration if you need it. Ask yourself:

- What will I use this investment money for?

- When will I need this money? Buying a house, retirement, college education, big trip? Write down the number of years and the year you imagine using your money:_______________________

Step 3: Understand Your Risk Tolerance

Use these questions to define your comfort level.

- **How does your timeline affect your risk tolerance?** Is this investment for college in five years? A house in ten? Or retirement twenty or more years out? If you need cash soon, you can't stomach big market swings, so lean in to bonds or short-term Treasuries. If you're twenty-five years old and eyeing retirement at sixty-five, you can tolerate more risk (stocks).

  Timeline Risk Tolerance

  Short timelines → less risk. Long timelines → more risk tolerance.

  - [ ] Low
  - [ ] Medium
  - [ ] High

- **How do your employment and income situations affect your risk tolerance?** Secure job, stable income, robust benefits? You can accept more risk. Freelancing, between jobs, supporting family? Prioritize steady but lower returns.

  Job/Income Risk Tolerance:

  - [ ] Low
  - [ ] Medium
  - [ ] High

- **How do your financial obligations affect your risk tolerance?**
  Funding a child's tuition next year? You need stable, short-term vehicles. Caring for elderly parents and maybe need the money soon? You can't afford a sudden 20 percent drop in your investment value—lean lower risk

  Financial Obligation Risk Tolerance
  Low risk: bonds, CDs. Medium: balanced fund. High: stock-heavy mix.

  - [ ] Low
  - [ ] Medium
  - [ ] High

- When you think about your answers to these questions, what comes up for you? Are you set up for a growth-oriented portfolio and can afford more risk for more potential reward (e.g., things like stocks), or do you need this money soon enough that you need to prioritize steady but lower returns?

Write down what risk tolerance makes the most sense for you overall, and why:

Step 4: Decide How Much to Invest Today and Regularly
Pull out your budget and decide how much you want to put away on what timeline.

- **How much do you have to start investing?** Write down here what you can put in your investment account today: $______________________

- **How much can you invest every month?** Write down here how much and how regularly you will invest:

  Frequency

  - [ ] Monthly
  - [ ] Biweekly
  - [ ] Quarterly

Step 5: Open Your Investment Account
A taxable brokerage account works for general long-term investing in stocks, bonds, and funds.

A 529 plan makes sense if the goal is education for a child or yourself.
Check out your home-state plan first to see if it offers a tax perk. If it doesn't, pick a top-rated, low-cost plan such as Utah, New York, or Vanguard-run Nevada.

- **Open the chosen account online.**
  Write down where you've opened your new account: ______________________

Step 6: Start Investing

- **I want to invest in a low-cost index fund.**
    - Look for a fund tracking the S&P 500 or the total US stock market.
    - Check the expense ratio: Aim for less than 0.25 percent—today, many funds are less than 0.10 percent.
    - Review the fund's annualized returns over one, five, and ten years. You want steady, market-tracking performance. Look at the VOO (Vanguard S&P 500 ETF) and the FXAIX (Fidelity 500 Index Fund).
    - Open your account and then deposit money.
    - Use that money to buy shares of a fund

On the brokerage website, then enter an order to tell the system to buy your shares. (When I do this, I usually use market orders—see page 247.)

Set up a monthly/regular transfer to your brokerage account—set a calendar reminder to invest the money (buy shares of whatever you want to invest in).

- **I want to invest in a 529 plan to save for college.**
    - Choose the age-based index track unless you enjoy deciding on the mix of investments and will remember to change it over time—I prefer to set it and forget it.
    - Make automated contributions. Even $50 a month compounds meaningfully over ten to eighteen years.

- **Look back at "There Are So Many Kinds of Funds—What Do I Actually Need to Know?" on pages 233–239 if you're interested in other options.**

Write down here what you've decided to invest in, and where:

Step 7: Schedule Two Quick Checkups a Year

- Go into your calendar and set a couple of investment checkups with yourself. Block off thirty minutes, twice a year.
- During these checkups,
    - Verify that your auto-transfer still fits your budget
    - Glance at the fund's fee to make sure it hasn't gone up
    - Confirm that the account still matches your timeline

When are your investment checkups? ______________________