

# Life Skills

## Financial Building Blocks



### Investing

“Putting your money to work so it can grow in value.”

#### Why Invest?

Investing builds wealth faster than saving alone.

**Stocks:**  
Pieces in a company.



**Bonds:**  
Loan to a company or government with interest.

**Mutual Funds/ETFs:** A mix of investments, managed by pros, for easy diversification.



Higher risk can mean higher reward.

**Diversification:** Spreading money across assets lowers risk.

### Retirement

**Why Plan for Retirement?**  
Planning now helps ensure a comfortable future.



#### Retirement Accounts

**401(k):** Employer-sponsored account

**IRA:** Individual retirement account with options for tax-deferred growth.

**Roth IRA:** Tax-free withdrawals in retirement since you pay taxes upfront.



### Insurance



Protects from unexpected costs.

#### Types of Insurance:

##### Health:

Covers medical expenses.



##### Auto:

Covers car damage and accidents.



##### Home:

Protects your home and belongings.



##### Life:

Provides for loved ones if something happens to you.



**Premium:** What you pay regularly for coverage.

**Deductible:** Amount you pay before insurance covers costs.

Your **credit score** (300–850) reflects your trustworthiness as a borrower.



**Interest Rates:** The cost of borrowing, as a percentage of the loan.

### Credit

The ability to borrow money or access goods and services with the promise to pay later.

