

Pursuing Optimal Returns/Wise Investing

1

Biblical Roots of Investing

As for the rich in this present age, charge them not to be haughty, nor to set their hopes on the uncertainty of riches, but on God, who richly provides us with everything to enjoy. They are to do good, to be rich in good works, to be generous and ready to share, thus storing up treasure for themselves as a good foundation for the future, so that they may take hold of that which is truly life.

-1 Timothy 6:17-19,ESV

2

Biblical Roots of Investing

Precious treasure and oil are in a wise man's dwelling, but a foolish man devours it. (Proverbs 21:20, ESV)

Wealth gained hastily will dwindle, but whoever gathers little by little will increase it. (Proverbs 13:11, ESV)

Invest in seven ventures, yes, in eight; you do not know what disaster may come upon the land. (Ecclesiastes 11:2, NIV)

3

Biblical Roots of Investing

Parable of the Bags of Gold, Matthew 25:14-30, NIV

Master entrusted wealth to servants

- Servant 1: 5 bags → 10 bags
- Servant 2: 2 bags → 4 bags
- Servant 3: 1 bag → 1 bag

...*'Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master's happiness!'*
(Matthew 25:21, NIV)

Well then, you should have put my money on deposit with the bankers, so that when I returned I would have received it back with interest. (Matthew 25:27, NIV)

4

Biblical Roots of Investing

So, if you have not been trustworthy in handling worldly wealth, who will trust you with true riches?

(Luke 16:11, NIV)

5

Wise Investing Principles

Today's Challenges

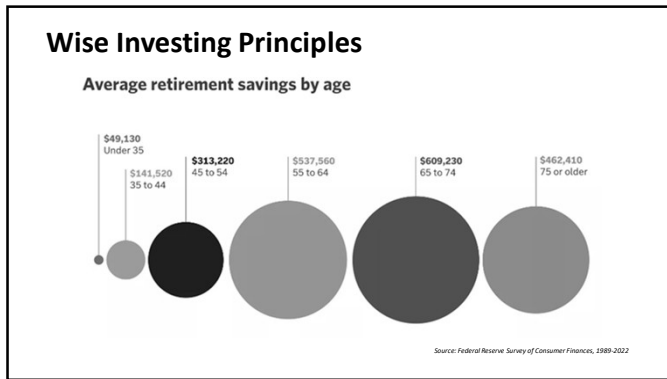
65% of American workers live paycheck to paycheck

— CNBC, April 2024 (n=498)

56% of U.S. adults can't afford a \$1,000 emergency expense

— Bankrate, January 2024

6



7

Wise Investing Principles

- Define and prioritize your goals first
- Create a savings plan to reach your goals
- Example:
 - \$2,500 Emergency Fund
 - Save enough in 401k for company match
 - Save \$300/mo to buy car

8

Wise Investing Principles

Three areas of focus

- Emergency Fund
- Short Term Savings (3-5 years)
- Long Term Savings/Investments (5+ years)





9

Wise Investing Principles

Short term savings

"I'm not so much interested in the return ON my money as I am in the return OF my money." -Will Rogers

Long term investments

- Rate of return is critical to success
 - Compounding!
- Time in the market, not timing the market



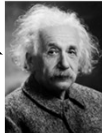
10

Wise Investing Principles

Compounding example:

- 20-year-old investor
- \$200/mo deposit
- 50 years
- 7% annual return
- Total invested: \$120,000
- Total Value: \$1,006,590
- **Total Gain: \$886,590**

Eighth wonder of the world!



11

TIME in the Market

Positive Returns in the Stock Market

- One-day periods – 54%
- One-month periods – 62%
- One-year periods – 79%
- 10-year periods – 94%
- 20-year periods – 100%

Source: Returns 2.0



12

Types of Investments

Debt: Loan your money

Lower risk/return than equity

- Savings Account
- Checking Account
- Certificates of Deposit (CDs)
- U.S. Treasury Bills/Notes
- Bonds

13

Types of Investments

Equity: Ownership

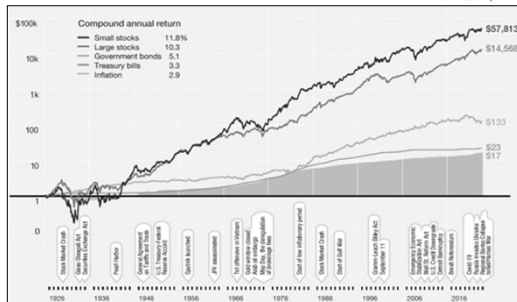
Higher risk/return than debt

- Stocks
- Mutual Funds
- Exchange Traded Funds (ETFs)
- Real Estate
- Precious Metals
- Collectables
- Crypto currency
- Alternative investments: venture capital, private equity, hedge funds, etc.

14

Types of Investments

Morningstar 2024 and Precision Information, Inc.
Financial Fitness Group 2024.



15

Types of Accounts

- Accounts without special tax advantages
 - e.g. Checking, savings, brokerage
- Accounts with special tax advantages
 - e.g. IRAs, 401ks, 529s
 - Generally, no special tax advantage without an IRS limitation

General description only, each option has limitations, special considerations-check with your financial and tax advisor.

16

Individual Retirement Accounts (IRAs)

- Intent: Long term retirement savings (past age 59½)
- 2025 Contribution limits
 - \$7,000 + \$1,000 catch up (age 50+)
- Traditional IRA (pre-tax)
 - Contribute pre-tax income
 - Earnings grow tax-deferred
 - Can convert to a Roth but could be taxable
- Roth IRA (after tax)
 - Contribute after tax income
 - Earnings grow tax-free

General description only, each option has limitations, special considerations-check with your financial and tax advisor.

17

Individual Retirement Accounts (IRAs)

- Traditional IRA (pre-tax)
 - Withdrawals prior to 59½ are taxed as ordinary income plus 10% penalty
 - Withdrawal once 59½ are taxed as ordinary income
 - Required Mandatory Distribution (RMD) starts at 73 (or 75 if born 1960+)
- Roth IRA (after tax)
 - Take out contributions any time, no tax or penalty
 - Earnings taxable plus 10% penalty when distributed:
 - Before 59 ½ and have Roth < 5 years
 - Otherwise earnings tax-free

General description only, each option has limitations, special considerations-check with your financial and tax advisor.

18

Other IRA Types

- "Spousal IRA"
- Beneficiary IRA
 - Different distribution rules based on year original owner died (during or before 2019)
- "Backdoor Roth IRA"
- SEP IRA
 - Generally, for sole business owner and spouse
 - Higher contribution limits: <of 25% compensation or \$70,000 for 2025
 - No catch-up contribution
- SIMPLE IRA
 - Used by small businesses, inexpensive
 - \$16,500 contribution limit for 2025 + \$3,500 catch up (age 50+*)
 - *2025 catch up ages 60-63, > \$5,000 or 150% of regular catch up (\$3.5k x 150% = \$5,250)

General description only, each option has limitations, special considerations-check with your financial and tax advisor.

19

Company Sponsored Retirement Savings Plans

- Intent: Long term retirement savings
- 401(k), 403(b), 401(a), 457, TSP, SEP IRA, SIMPLE IRA
 - Generally, employers match along with employee contributions
 - These have pre-tax and Roth options
 - Similar in nature but **NOT** identical to Traditional and Roth IRAs
 - Option to roll to a Traditional/Roth IRA or company plan when leave employer

General description only, each option has limitations, special considerations-check with your financial and tax advisor.

20

Company Sponsored Retirement Savings Plans

- 2025 Contribution limits 401(k), 403(b), TSP
 - \$23,500 + \$7,500 catch up (age 50+)
 - \$70,000 total combined employee & employer contribution + \$7,500 catch up (age 50+*)
 - *2025 catch up ages 60-63, >\$10,000 or 150% of regular catch up (\$3.5k x 150% = \$11,250)
 - SEP and SIMPLE have their own rules and limits
- 2026 Catch-up contributions for 50+ are Roth contributions (not pre-tax) for those earning \$145,000+

General description only, each option has limitations, special considerations-check with your financial and tax advisor.

21

Other Company Sponsored Savings Plans

- Pensions
- Employee Stock Purchase Plans (ESPPs)
- Cash Balance Plans
- Nonqualified Deferred Compensation Plans (Top hat plans)
- Stock options, Restricted Stock, Restricted Stock units, etc.



General description only, each option has limitations, special considerations-check with your financial and tax advisor.

22

Educational Savings Accounts

- 529 account (Qualified Tuition Plan)
 - Intent: Educational costs
 - K-12 tuition, college tuition + R&B, trade school, apprenticeships, and more
 - Most states offer 529 plans, incentives vary by state
 - Growth is at least tax deferred
 - Growth is tax free if used for qualified educational expenses
 - Up to \$35,000 can be rolled into Roth IRA
- Alternatives
 - Uniform Transfer to Minors Act (UTMA)
 - Coverdell



General description only, each option has limitations, special considerations-check with your financial and tax advisor.

23

Other Investment Accounts

Health Savings Account (HSA)

- Intent: Qualified medical expenses
- 2025 Contribution limits: \$4,300 single / \$8,550 family
 - \$1,000 catch-up if age 55+
- Triple tax efficient
- Distributions before age 65 if not used for qualified medical expenses
 - Ordinary income tax plus 20% penalty
- Distributions age 65+ if not used for qualified medical expenses
 - Ordinary income tax

ABLE account

- Savings accounts for individuals with disabilities
 - Age of disability before age 26 (age 46 starting in 2026)

24

Other Types of Investments

Annuities

- Generally, an insurance product
- Options may provide guaranteed future income for life
- Fixed or variable returns
- Can be complex to understand

Life Insurance

- Whole Life/Universal Life
- Fixed or variable returns

25

Three Investment Pathways

1) Do it Yourself

- Pick and build your own (e.g., index funds, target date funds)

2) Do it Yourself with Help

- Investment newsletter
- Robo Advisor
 - Provide your basic financial information and goals
 - Receive automated, customized advice

3) Advisor Managed

- An agreement with a Financial Advisor/Planner to handle your investing decisions

26

Where Do I Go And Who Do I Use?



Your money is always your responsibility!!
Understand the decisions; ask the right questions.

27

Where Do I Go And Who Do I Use?



- Most important aspect is the relationship
- Find a person with the heart of a teacher
 - You should have the heart of a student
- Use someone you trust!
 - Use referrals
- Should have Fiduciary Duty

28

Where Do I Go And Who Do I Use?



Avoid financial advisors who ...

- Want to sell you something TODAY!
- Don't disclose how they make their money
- Don't tell you how much they will make from you
- Has no interest in teaching you

29

Search for your Financial Advisor



- Ask your close trusted friends about their advisors
- Consider Kingdom Advisors
 - <https://kingdomadvisors.com/>
- National Association of Personal Financial Advisors
 - <https://www.napfa.org>

30

Search for your Financial Advisor



- Use FINRA: <https://www.finra.org/investors#/>
- Commission, Fee Based or Fee Only
- Identify 2 or 3 potential advisors
 - Interview and evaluate them
- Select one or keep searching for a great match

31

Putting it All Together



Investment Planning

- Creating a written investment plan that describes your long-term financial goals and investment strategy will help you make better investment decisions.
- It will give you a steady reference point during market storms.

Financial Planning

- Analyze your current financial situation and savings to see:
 - if you are on track to meet your goals (long term projections software)
 - if you are using the most tax efficient accounts

32

Closing Thoughts

- Maintain A Biblical Balance in Saving and Kingdom Investing!
- The Bible says a foolish person has “empty shelves.”
 - *Precious treasure and oil are in a wise man's dwelling, but a foolish man devours it. (Proverbs 21:20, ESV)*
- Jesus called the man who hoarded too much stuff a “fool.”
 - *But God said to him, ‘Fool! This night your soul is required of you, and the things you have prepared, whose will they be?’ So is the one who lays up treasure for himself and is not rich toward God.” (Luke 12:20-21, ESV)*

33

Closing Thoughts

- Matthew 25 Investors: "Well done....!!" or "You wicked, lazy servant...?"
- Three Questions (Finish Lines)
 - How much is enough (for me/us) ?
 - How much is enough for our children?
 - What will you do with the rest?
- Remember God 'brought da pie'!!
