

## Investment Guide—Part 1: “I Want Something Quick & Easy”

Congratulations! You have opened the “set it and forget it” guide to investing. While I recommend you eventually read the next two investing guides, this is a great way to start your investing journey.

### Quick Start

When you want to have minimal interaction with your investing, the easiest option is a **Target Date Retirement Fund**. You simply choose the year that is closest to your retirement date and put all your money into it.

These **Target Date Retirement Funds** are available in most employer-sponsored plans and from every independent brokerage.

Once you choose the year you would like to retire and begin putting money in every month, the fund takes the money and puts it into a diverse group of investments. Meaning the fund spreads your money around to a bunch of different types of investments, they take a percentage and put it in large corporate stocks, small company stocks, international companies from across the world, and various bonds, like government bonds, corporate bonds, and municipal bonds. A bond is a fancy “I Owe You,” meaning you are lending some of your money to corporations etc. and they are paying you back interest.

The fund automatically uses the most current investing strategies to keep you invested conservatively during every phase of life. As you get closer and closer to your retirement date, the fund will move you into more and more conservative investments. In other words, you do not have to put in any effort, or focus on your investment.

### Example Target Date Retirement Funds

So, let us walk through an example. Let us say you turned 40 years old in 2015, you want to retire when you are 65, so 25 years from 2015. Well, 25 years from 2015 will be 2040, so you choose a “2040 Target Date Retirement Fund”. Today the fund may have you in mostly stocks, but as you get closer to 2040, the fund automatically moves you to more conservative investments, meaning you have less risk and less movement in your investments the closer you are to retirement, but also less gains.

Here are a few Target Date Funds offered by top brokerages:

#### Vanguard Target Retirement Funds\*

[vanguard.com](http://vanguard.com)

From this link you just choose your retirement date or current age.

**Years available:** 2010 – 2060

**Expense:** Average .17% (industry average is .66%)

**Minimum investment:** \$1,000 minimum to open an IRA or general account.

#### Fidelity Freedom Funds\*

[fidelity.com](http://fidelity.com)

From this link just drag the sliding scale for the number of years till you retire.

**Years available:** 2015 – 2060

**Expense:** between 0.71% and 0.91%

**Minimum investment:** \$2,500 minimum to open an IRA; \$2,500 minimum to open an investment account.



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## T. Rowe Price\*

[troweprice.com](http://troweprice.com)

From the link you just click the drop down and choose retirement date.

**Years available:** 2005 - 2060

**Expense:** between 0.67% and 0.84%

**Minimum investment:** \$1,000 minimum to open an IRA; \$2,500 minimum to open an investment account.

\*This article may not have the most up to date numbers but gives you accurate numbers as of the time it was written and gives you an idea of what to look for.

## Positives & Negatives

Positive: You can set it up and not be afraid about what the market is doing, because you are not going to be moving your investments around, they are already set up, and being changed automatically based on your age.

Negative: These funds sometimes come with higher fees, especially inside employer-sponsored plans, so keep an eye on fees. Anything above 1% can be considered expensive. Sometimes you pay extra to set it and forget it.

Positive: Even if you are a new investor, you can rest easy knowing that you have started the investing process, the biggest hurdle to investing is just getting started.

Negative: You might decide you do not need to learn anything else because it is all being done for you. While this is true, I would prefer to see you seek out new knowledge in this area, and fully understand what your investments are doing, and why they are doing them.

Now that you have finished the **Quick & Easy** guide, time to step it up a notch and check out **Part 2: Dig A Little Deeper** guide.

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