

Sahirenys:

[Speaking in Spanish "Hey Everyone"], Sahirenys here and welcome to PNC's Financial Academy spotlight series, where today we're going to talk about investing. That's right, the fun stuff.

What is investing? Investing is when you're contributing either time or money into an asset that you believe is going to grow in value over time. Now, for a lot of people, this could be a range of things. It could be investing in the stock market, real estate, cryptocurrency, et cetera. But what a lot of people tend to forget is that they are an asset and they stop investing in themselves. Investing in your education can help you earn more money. Investing in your health can help you earn more time and making more money consistently over time, well, Hey, that's what investing is all about. And I think we tend to forget that we are more valuable than we think, and that we are worth the investment.

After becoming debt free, my husband and I, we both saw the value manifest during our debt free journey, so much so that we actually took our side hustle and turned it into a full-time business. And we were ready to take this leap of faith because we knew that our foundation for our finances were so solid and it helped us pay off all of this debt, but we didn't know how valuable it really was to have a solid budget and a fully funded emergency fund, until after we paid off all of our debt. It opened up the door for us to finally make some investments. And one of the golden rules to investing is that you should never invest money that you need. This is why I cannot emphasize enough that having a solid financial foundation is key. It is goals, because when you have a solid foundation, you are able to build up your financial confidence where you're turning risk into a calculated risk, better yet a calculated investment.

When it comes to investing, some people just want to jump in and start making money. And that's cool for some, but when you are investing with no purpose in mind, you can get lost in the sauce real quick. It's just like saving just to save. Eventually you're going to stop saving. And it's the same thing with investing. This is why it's so important to make sure you are clear on your goals, so this way you can stay motivated and continue pushing forward. That's why my second point is to invest with purpose. Don't be scared to ask yourself the hard questions. What do you want your money to do for you? And I know it's not that simple, but I asked myself the same question. And I realized that on top of the list, I wanted to have the ability to retire one day.

Most people are introduced to investing through their retirement like 401ks or 403bs. These are company sponsored retirement plans, where your company has actually pre-selected some investments for you to pick from, typically like low fee index funds or target date funds, just to name a few. Index funds are a collection of stocks that mirror the performance of a market index like the S&P 500, which is simply a catalog of the top 500 companies in the U.S. Target date funds are a collection of stocks and bonds that are automatically reinvested and reallocated based on the date that you are planning on retiring. So as you get closer to retirement, you're going to get automatically invested out of stocks and index funds and into bonds and cash. This is a really easy process for people that don't know anything about investments, the stock market, or even diversification and just really focus on retiring.

A small tip here is to take full advantage of any benefits of your company's offering. If they're offering a 401k match or even financial resources, make sure you are taking them. And if you need help ask your HR department or the financial company that's managing your company's 401k or 403b. It is really important to ask them any financial questions that you may have, and especially the investments, because I know that's sometimes a little confusing. And again, please make sure that you are at least checking your investments once a year, to make sure that everything is being invested exactly how you plan it to be.

If your company doesn't offer your retirement account, then a great alternative is an IRA. And IRA is realistically an individual retirement account that works more like an investment account specifically for your retirement, that offers special tax benefits. Now the most popular IRAs are going to

be the traditional IRA and the Roth IRA. Traditional IRAs are based on your pre-tax dollars and any money that you contribute towards it, you're actually able to deduct it from your taxable income that year. But, when you're pulling that money during retirement, all of the funds will be taxed at your ordinary tax bracket. The main reason that people like using traditional IRAs is because they're hoping to be in a lower tax bracket in the future when they're retiring.

On the other hand, Roth IRAs are based on your after tax income, meaning that you will not get a tax deduction right now. But instead, in the future when you're pulling your money from your retirement, you're going to allow your money to grow and be pulled out tax free. This is a huge opportunity, especially for young people who don't want to really worry about rising taxes in the future. And that also have time on their hands to allow their investments to grow and be pulled out tax free. Even though we only got to talk about retirement in this video, there are so many other investments that you can do, but please make sure that you are taking the time to research what investments and strategies are going to help you achieve your goals. Keyword, your goals.

Before I let you go. There's a few things that I want to mention. Before you invest in anything, make sure you're doing your own research and your own due diligence. Don't just take investing advice from whoever is throwing it out there. And when it comes to the stock market, please do not try to time the market. Even though I know you really, really, really want to, just don't do it.

Never invest in what you are not willing to lose and the best way to prevent this is by making sure that you have a solid foundation, you've paid off high interest debt, and that you saved up an emergency fund. And last but not least, the key to investing is you want your investments to be bland and boring so that your life can be full of flavor. [Speaking in Spanish 'Let's add some seasoning. Well my loves'] Thank you so much for taking the time to watch the spotlight series on investing. I hope that you found the value to consistently invest in your future with purpose. [Speaking in Spanish "You already know."] Until next time. Bye.