



**Champions for Financial Legacy**

# **FOUR WEALTH BUILDING TOOLS**

**INTRODUCTION**

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## INTRODUCTION

Investing in the stock market can be a straightforward and consistent way to build wealth.

Below, we offer four basic guidelines to help you get started. If you follow these principles and take action, you'll be on a path toward greater financial growth. Many people believe that building wealth is difficult, but we're here to show you it's more achievable than you think. Everyone reading this has the potential to grow their wealth.

We begin with the basics: four simple rules that form the foundation of a strong investing mindset. Follow them consistently, and you'll be set up for long-term success.

## SECTION 1: THE BASICS OF INVESTING

**There are four rules of investing:**

1. Invest regularly and refrain from using the money (dollar averaging)
2. Save as soon as possible (compound interest)
3. Use low-cost investments
4. Diversify your investments

**Choose one of the rules and explain how following it can help you build wealth:**

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## SECTION 2: RULES OF INVESTING

**There are four rules of investing:**

1. Invest Regularly and refrain from using the money (Dollar Averaging)
2. Save as soon as possible (Compound Interest)
3. Use low-cost investments
4. Diversify your investments

Determine if the following statements is an example of rule 1, 2, 3, or 4.  
Match the actions below with the appropriate investing rule.

1. Putting \$100 into the S&P 500 index on the 13th of each month.

Answer: \_\_\_\_\_

2. Investing in savings, real estate, and bonds.

Answer: \_\_\_\_\_

3. For every pay period, an automatic deduction of 10% for your retirement plan.

Answer: \_\_\_\_\_

4. Investing \$10,000 in the stocks of multiple companies.

Answer: \_\_\_\_\_

5. Starting to invest at an early age?

Answer: \_\_\_\_\_

6. Investing in Vanguard S&P 500 index ETF with a low expense rate.

Answer: \_\_\_\_\_



## SECTION 3: CAPITAL GAINS

**Challenge:** Kari buys 50 shares of a cybersecurity company at \$40 per share. Three years later, the price is \$65 per share. She decides to sell all her shares.

1. **How much did she invest in the company?**

**Answer:** \_\_\_\_\_  
(Multiply the number of purchased shares by price purchased)

2. **How much will she receive when she sells the shares?**

**Answer:** \_\_\_\_\_  
(Multiply the number of purchased shares by the selling price)

3. **What is her capital gain?**

**Answer:** \_\_\_\_\_  
(Subtract the selling price from the purchase cost)

## SECTION 4: KEY TAKEAWAYS

1. **Building wealth is more achievable than most people think.** Follow the four rules to grow your wealth and gain long-term financial security.

2. **Capital gains are the reward for smart investing.** They represent the profit earned when you sell an asset for more than you paid.

3. **Start early!** The earlier you invest, the more your wealth can grow through compounding.



## SECTION 5: ACTION PLAN



### START INVESTING

Follow the rules and begin investing regularly, even in small amounts. Consistency is key.



### DO YOUR RESEARCH

Explore your investment options carefully. Look into fees, past performance, and fund details before committing.



### DIVERSIFY YOUR PORTFOLIO

Don't put all your eggs in one basket. Spread your investments across different assets to reduce risk and increase stability.

#### Answer Key:

Section 2: 1. Rule 1 2. Rule 4 3. Rule 1 4. Rule 4 5. Rule 2 6. Rule 3  
Section 3: 1. \$2,000 2. \$3,250 3. \$1,250