

Designing an Investment Portfolio

First Year Experience
Fall, 2006

Due Date: Nov-16
Points: 30 Points

Please write a one to two pages (not including charts) report on the following topic (single to 1.5 spaced). The report should include a title page, an introductory paragraph with a clear thesis statement and a conclusion paragraph. The report should be detailed and specific. The writing should flow well and be clear, professional, grammatically correct and free of spelling mistakes. Each point should be clearly stated and well supported. Make sure your report is well organized and follows the order detailed below.

Decide on your financial goals and design your investment portfolio based on the following questions.

1. Go to www.retirecalc.com and click on the Retirement Planning calculator. Use the given life expectancy, inflation rate, annual rate of return. Assume a replacement rate of 100%, and a tax rate of 20%. Select at what age you intend to retire. Type how much income you expect to make (what is your estimate based on)? Assume that your company would match up to 4% of your contribution.
How much money would you make every year after retirement and what percent of your income would you replace if:
 - (a) You begin saving at the age of 22 and save 2% of your income?
 - (b) You begin saving at the age of 32 and save 2% of your income?
 - (c) You begin saving at the age of 22 and save 4% of your income?Given that information, how much money do you think you are going to save and at what age would you start saving?
2. What are you going to invest your money in? Would you choose a traditional IRA or a Roth IRA and why? Choose three assets (stocks, bonds, mutual funds) and explain:
 - (a) How would you allocate your savings and why (what percent to each asset)?
 - (b) Why did you choose these three assets?
 - (c) How did these assets performed in the last 5 years? Provide charts, if possible. Provide the name of the mutual fund, stock or bond and where you found information about it.