

# Building Blocks of Wealth



RIVKA RESNIK

## A IS FOR **Assets**

### WHAT COUNTS AS AN ASSET?

An asset is anything you own that has value. It might be cash in your wallet, money in the bank, a house, a stock portfolio, or even a small business. It counts as an asset if you can sell, trade, or use it to earn income.

### WHY ASSETS MAKE A DIFFERENCE

When people talk about wealth, they don't just mean earning a good income. True wealth comes from the assets you build and keep over time. Those assets provide stability now and create options for the future.

Assets are at the heart of investing. You save for, protect, and rely on them later in life. Without assets, money is spent and gone, leaving nothing that continues to grow.

Having assets also gives you flexibility. Savings help in an emergency, investments support long-term goals like retirement, and property can increase in value. Assets don't remove financial challenges, but they make it easier to stay secure when life changes.

### The many faces of assets

Assets show up in many different ways. Some are part of everyday life, while others are built for long-term growth.

**Cash and savings:** These are the simplest types of assets. They include the money in your wallet or bank account. They're safe and easy to reach, but they don't grow much on their own.

**Investments:** These are stocks, bonds, and mutual funds. They're designed to grow over time, though their value can rise and fall with the market.

**Property:** These are assets such as a house, land, or a rental apartment. They can increase in value and, if rented, bring in steady income.

**Valuables:** These are items like jewelry, artwork, or collectibles. They can hold value but may be harder to turn into cash quickly.

**Business ownership:** This is owning a company, even a small one. It can provide income now and the chance for future growth.

## How assets build wealth

Assets can help you financially in three main ways:



### Income

Rental property or dividend-paying stocks can provide steady payments.



### Appreciation

Homes and investments may increase in value over time. This increase in value is called *appreciation*.



### Security

Cash savings may not grow much, but they give you a safety net when unexpected expenses come up.

Having a mix of different assets helps you grow your money while keeping some protection in place.

## THE PROS AND CONS OF OWNING ASSETS

### Pros

**FLEXIBILITY:** Assets come in many forms, and you can choose what fits your goals. Some people prefer safe savings, while others invest in property or stocks for more growth potential.

**WEALTH BUILDING:** Assets allow your money to grow beyond what you earn from work. A paycheck pays the bills, but assets move you toward financial independence.

**PROTECTION:** Having assets helps you handle surprises. Money in savings or value in your home can make an unexpected expense easier to manage.

### Cons

**RISK OF LOSS:** Stock prices can fall, home values can dip, and collectibles don't always hold their worth. When too much money is tied to one kind of asset, losses can hit harder.

**LIQUIDITY ISSUES:** Certain assets—like houses or artwork—can't be sold right away, so it may take time to get the cash you need.

**ONGOING COSTS:** Homes and businesses require expenses such as taxes, maintenance, or overhead, which reduce their value.

## What makes assets valuable?

Not all assets play the same role. Cash is steady and dependable, but it rarely grows. Investments can increase in value much more quickly, though they also carry risk. The key is knowing what your assets are worth and how quickly you can use or sell them if needed.

## ASSETS IN EVERYDAY LIFE

Most people already own assets without giving them much thought. A car in the driveway, money in a checking account, or even a small side business all qualify. Larger assets might include a retirement account, savings bonds, or an apartment that's rented out for income.

Your net worth is simply everything you own minus what you owe.

### A QUICK EXAMPLE

Think about Akiva. He owns a home, keeps \$10,000 in savings, and contributes to a small retirement account. Each of these is an asset, but they don't serve the same purpose. His home may rise in value, his savings give him quick access to cash, and his retirement account builds for the future. Together, they give Akiva balance—a mix of security now and growth for later.

### THE TAKEAWAY

Not all assets work the same way. Some keep your money safe, some are meant to grow, and others can provide income. A healthy mix gives you stability now and puts you on track for your future goals.

# Building Blocks of Wealth



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F IS FOR **Financial Goals**  
SETTING THE STAGE FOR INVESTING

## WHAT ARE FINANCIAL GOALS?

A financial goal is a clear target for what you want your money to achieve. It can be short-term, like saving for a car or paying off a small loan, or long-term, like buying a home or planning for retirement. Goals give your money direction and help you decide how much to save or invest.

When you invest, you're not just randomly picking stocks or funds. You're aiming for a goal. Those goals help you decide how much risk to take, which

investments to choose, and how long to keep your money invested.

## WHY FINANCIAL GOALS MATTER

Financial goals give your money a clear purpose. Without them, it's hard to know if your saving or investing is helping you reach what's important to you. Setting goals helps you stay organized, track your progress, and make smarter financial choices. Goals also affect how you invest. Each goal influences your approach in a different way:

**Risk Level:** Short-term goals need safer investments, while long-term goals can handle more ups and downs.

**Time Frame:** Knowing when you'll need the money helps you choose the right investment.

**Discipline:** Goals make it easier to stay focused when the market changes or when spending is tempting.

## Goals



### Short-term goals (months to 3 years)

Saving for a vacation, paying off a small loan, or building an emergency fund. These call for safe, accessible places like savings accounts or CDs.



### Medium-term goals (3–10 years)

Saving for a home down payment, starting a business, or funding education. Investments here should balance growth with some safety.



### Long-term goals (10+ years)

Cash savings may not grow much, but they give you a safety net when unexpected expenses come up.



## THE PROS AND CONS OF SETTING FINANCIAL GOALS

### Pros

**CLEAR DIRECTION:** When you know what you're saving for, it's easier to make financial choices that support that purpose. Instead of guessing where your money should go, you're working toward something specific.

**STAYING MOTIVATED:** Having a goal turns saving and investing into something more rewarding. It's easier to remain patient when you can picture what your efforts will accomplish.

**VISIBLE PROGRESS:** Watching your savings move closer to a goal helps you stay encouraged and builds momentum over time. It turns a habit into a sense of accomplishment.

**CHANGING PLANS:** Life doesn't always go as expected. Goals can shift, and adjusting them can feel frustrating.

**TOO MANY PRIORITIES:** Juggling several goals—like saving for a house, retirement, and college—can make it hard to decide which comes first.

**RIGIDITY:** Being too strict with your goals can keep you from adapting to new opportunities or challenges. Flexibility matters too.

### Cons

**FEELING BEHIND:** Falling short of a goal can feel discouraging, even if you've made substantial progress along the way.

## WHAT TO KNOW ABOUT SETTING GOALS

A practical way to set financial goals is the SMART method: Specific, Measurable, Achievable, Relevant, and Time-bound.

Instead of saying, "I want to save money," a SMART goal would be: "I plan to save \$1,500 for a laptop over the next year." The goal is specific (a laptop), measurable (\$1,500), achievable (realistic savings), relevant (a needed purchase), and time-bound (within one year). Adding numbers and a deadline makes the goal clearer, easier to follow, and more motivating.

### A QUICK EXAMPLE

Imagine Adina has two goals. First, she wants to save \$2,500 for a vacation within the following year. That's a SMART goal: specific (a vacation), measurable (\$2,500), achievable (she can save a little each month), relevant (a needed break), and time-bound (within one year). For this short-term goal, she uses a high-yield savings account so the money is safe and available when needed.

Her second goal is long-term, saving for retirement. For this, she opens an IRA and invests in mutual funds. Because she has decades to let her money grow, she can handle the market's ups and downs.

The key is that Adina matches each goal with the right investment, keeping both plans on track.

## THE TAKEAWAY

Financial goals give your money direction and help you plan your investments. They guide you on where to put your savings, how much risk to take, and how long to keep your money invested. Setting clear goals helps you stay focused and use your money in ways that support both your short-term needs and long-term plans.

# Building Blocks of Wealth

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B IS FOR **Bonds**  
LENDING MADE SIMPLE



## WHAT IS A BOND?

A bond is an investment in which you lend money to a company or government. In return, they promise to pay you interest over time and return the amount you originally invested. That amount is called the principal, and it's paid back when the bond ends, or matures.

You can think of buying a bond as acting like the lender. Instead of borrowing money from a bank, you're lending money to a business, a city, or even the federal government. The bond is their written

promise to repay you with interest after a set period of time.

## WHY BONDS MATTER

Bonds matter because they bring stability. Unlike stocks, which can rise or fall sharply, bonds usually move steadily. They may not deliver significant growth, but they provide regular income and balance risk.

For many investors, bonds act like an anchor in a portfolio. When markets swing up and down, bonds keep things more predictable and easier to manage.

## Bonds come in several forms, each with its own purpose.

**Government Bonds:** Issued by the federal government. US Treasury bonds are considered among the safest investments because the government has never defaulted on its debt.

**Municipal Bonds:** Sold by states, cities, or towns to raise money for public projects like schools or highways. Often, the interest you earn isn't taxed by the federal government, which can make them especially attractive to some investors.

**Corporate Bonds:** Issued by companies to fund their growth or operations. They usually pay higher interest than government bonds but come with more risk if the company struggles.

## How bonds can grow you money

BONDS DON'T MAKE YOU WEALTHY OVERNIGHT, BUT THEY CAN HELP IN THREE IMPORTANT WAYS:



### Interest Payments

Bonds pay interest, often every six months. This income can provide stability.



### Safety of Principal

At maturity, you get back the money you invested initially, unless the borrower defaults.



### Diversification

Adding bonds to a portfolio of stocks spreads out your risk, since bonds often hold steady when stocks fall.

## THE PROS AND CONS OF OWNING BONDS

Pros

**PREDICTABLE INCOME:** Bonds pay regular interest, which makes them appealing to cautious investors.

**LOWER RISK:** Government and many municipal bonds are generally safer than stocks.

**BALANCE:** Adding bonds to a portfolio helps smooth out volatility and creates steadier overall returns.

Cons

**LOWER RETURNS:** In the long run, bonds usually don't grow as much as stocks.

**INFLATION RISK:** If inflation rises faster than your bond's interest rate, the money you earn loses buying power.

**DEFAULT RISK:** With corporate bonds, there's always a chance the company could run into trouble and fail to repay its debts.

### WHAT TO KNOW ABOUT BOND RATINGS

Not all bonds are equally safe. Credit rating agencies assign grades that show how likely the borrower is to repay.

**AAA or AA bonds:** These are considered very safe but usually pay lower interest.

**Lower-rated bonds (junk bonds):** Riskier, but they pay higher interest to attract investors.

These ratings give you a quick way to compare safety and return, helping you decide whether the reward is worth the risk.

### WHAT ABOUT SAVINGS BONDS?

Savings bonds are special government bonds designed for individuals, not big institutions. They're simple, safe, and affordable.

**Series EE bonds:** These bonds are guaranteed to double in value if you hold them for 20 years. They earn a fixed rate of interest.

**Series I bonds:** These bonds protect you against inflation. Their interest rate changes every six months based on inflation, so they help your money keep pace with rising prices.

Savings bonds are often given as gifts or used to teach children about investing. They won't make you rich quickly, but they're backed by the US government and carry very little risk.

### BONDS IN EVERYDAY LIFE

You might already own bonds without realizing it. Retirement accounts often include bond funds. Local governments issue municipal bonds to build schools, hospitals, or highways, and when you invest in them, you're helping fund those projects.

Savings bonds are often given as gifts, especially to children. For example, a grandparent might buy one for a grandchild. Over the years, the bond earns interest and becomes worth more than its original amount.

### A QUICK EXAMPLE

Imagine Moshe buys a \$1,000 corporate bond with a 5 percent interest rate. Each year, the company pays him \$50 in interest. After 10 years, the bond matures, and he gets back his original \$1,000. Along the way, he earned a steady income, and he recovered his principal at the end.

### THE TAKEAWAY

Bonds help keep an investment plan steady. They pay interest, protect savings, and balance out risk from other investments. Government and savings bonds are safe and easy ways for someone just starting to invest to begin.



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M IS FOR **Mutual Funds**  
INVESTING TOGETHER

## WHAT IS A MUTUAL FUND?

A mutual fund is an investment that collects money from many people and combines it into one large pool. That pool is then used to buy a mix of investments such as stocks, bonds, or other assets.

When you buy into a mutual fund, you're not purchasing one specific stock or bond. You own a share of the fund itself, which represents small portions of all the investments it holds. All mutual funds are professionally managed, but some are actively managed, where fund managers choose what to buy and sell. Others are passively managed, following a preset list of investments, such as the S&P 500 index.

## WHY PEOPLE CHOOSE MUTUAL FUNDS

Investing on your own can be costly and risky. With only a few hundred dollars, you might be able to buy shares of just one or two companies. If one of those companies performs poorly, your investment could lose value quickly.

A mutual fund changes that picture. With a single purchase, your money is spread across many different investments. This spreading out of risk, called diversification, helps balance the market's ups and downs. That's why mutual funds are often a popular starting point for new investors.

## DIFFERENT KINDS OF MUTUAL FUNDS

MUTUAL FUNDS COME IN SEVERAL VARIETIES, EACH WITH ITS OWN PURPOSE:

**Bond funds:** These invest in bonds, which are loans to governments or corporations. They usually grow more slowly but provide steadier income.

**Balanced funds:** These combine stocks and bonds in one package, offering both growth potential and stability.

**Index funds:** These match the performance of a market index, such as the S&P 500. They provide broad exposure at low cost.

**Specialty funds:** These concentrate on one area such as healthcare, real estate, or international markets. They can do well if that sector grows, but are riskier if it struggles.

## How mutual funds can grow your money

Mutual funds can provide returns in four main ways:



### Dividends:

Some companies in the fund pay part of their profits to shareholders. These payments are called dividends, and they're usually distributed in cash.



### Interest:

If the fund holds bonds, it earns interest from those bonds. This interest can be passed along to investors.



### Capital gains distributions:

When the fund sells an investment for more than it paid, the profit is called a capital gain. The fund may distribute these gains to its investors.



### Value growth:

If the overall investments in the fund increase in value, the price of each fund share goes up. You can then sell your shares for more than you paid.

## THE PROS AND CONS OF OWNING MUTUAL FUNDS

### Pros

**DIVERSIFICATION:** Your money is spread across many investments, so one company's troubles won't drag down your entire portfolio.

**PROFESSIONAL MANAGEMENT:** A trained manager makes the investment decisions for you, saving you time and research.

**LOW BARRIERS:** Many funds let you start investing with just a few hundred dollars.

**CONVENIENCE:** Mutual funds are easy to buy and sell through retirement accounts, banks, or brokerage firms.

### Cons

**MARKET RISK:** The value of your investment can fall when the stock or bond market declines.

**FEES:** Mutual funds charge costs that reduce returns. Common ones include the annual expense ratio (a yearly percentage fee) and sales loads (charges when buying or selling shares).

**LIMITED CONTROL:** You don't select the individual investments; the fund manager or index does that for you.

**PERFORMANCE DIFFERENCES:** Some funds do well, while others lag behind, so choosing the right fund is important.

## THE TAKEAWAY

Mutual funds aren't risk-free, but they remain one of the simplest ways for beginners to start investing. One purchase gives you a mix of investments, which reduces risk and helps you work steadily toward long-term goals.

## WHAT TO KNOW ABOUT FEES

Fees may sound small, like 1 percent a year, but they add up. Even a tiny charge, repeated year after year, can make a real difference in how much your money grows. Choosing funds with lower fees means less of your return goes to costs and more stays invested on your behalf.

## WHERE MUTUAL FUNDS SHOW UP IN REAL LIFE

Mutual funds are most often found in retirement accounts such as 401(k)s and IRAs, but you can also buy them through brokerage firms or banks.

Unlike stocks, mutual funds are priced only once daily, after the markets close. This price is called the net asset value (NAV), which is the total value of all the fund's investments divided by the number of shares. When you place an order, you get that end-of-day price.

## A QUICK EXAMPLE

Leorah has \$500 to invest. If she buys stock in just one company, her entire investment depends on how that business performs. If the company loses value, so does her investment.

Instead, Leorah puts her \$500 into a mutual fund. Her money is combined with that of thousands of other investors and spread across many companies and bonds. If one company loses value, the others help offset it. This way, Leorah's risk is shared, and her investment is more stable.

# Building Blocks of Wealth



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D IS FOR **Dividends**  
SHARING THE COMPANY PROFITS

## WHAT ARE DIVIDENDS?

A dividend is a portion of a company's profits that it chooses to share with its shareholders. Instead of reinvesting all its earnings back into the business, the company pays out part of its profits to the people who own its stock. Not every company pays dividends, but many well-established businesses do because it helps keep investors interested in their shares.

For example, if you own 100 shares in a company that pays \$1 per share each year, you would receive \$100. Some investors take that money as income, while others reinvest it to buy more shares. Either way, dividends give you a direct return simply for holding stock in the company.

## WHY DIVIDENDS MATTER

Dividends are valuable because they provide income even when stock prices go up and down. For investors who want a steady stream of cash, such as retirees, dividends can be a reliable source of income. For younger investors, reinvesting dividends can steadily build their holdings and increase long-term growth.

Dividends also send a signal. A company that pays regular dividends shows financial stability and confidence in its future. While payments aren't guaranteed, a consistent dividend history can reassure investors that the company is healthy enough to share its profits and is committed to rewarding shareholders.

## HOW DIVIDENDS ARE PAID

Dividends can be paid in several ways:

**Cash dividends:** Paid directly to shareholders, usually every quarter. For example, if a company pays \$1 per share yearly and you own 100 shares, you would receive \$25 quarterly, every three months.

**Stock dividends:** Instead of cash, the company gives you additional shares, which increases the number of shares you own without costing you anything.

**Dividend Reinvestment Plans (DRIPs):** These are optional programs that automatically use your cash dividends to buy more shares of the same company. This helps your investment grow gradually, since those new shares also earn future dividends.

## How dividends build wealth

Dividends help your money grow in two main ways:

### 1 Income you can use

Payments from dividends can provide money you can use right away to cover expenses, help with bills, or add to your regular income.

### 2 Reinvestment for growth.

You can also choose to put your dividend payments back into the stock. Each reinvestment adds a little more to what you own, making the next round of payments slightly bigger. Over the years, that steady cycle can make your investment grow significantly.

**Dividends reward patience. The longer you hold a dividend-paying stock, the more you benefit from regular income and the chance for your investment to grow.**

## THE PROS AND CONS OF DIVIDEND INVESTING

Pros

**STEADY INCOME:** Dividends provide regular payments on top of any growth in stock value.

**COMPOUNDING GROWTH:** Reinvesting dividends means buying more shares, which creates additional income in the future.

**STABILITY:** Companies that pay consistent dividends are often established and financially sound.

Cons

**NOT GUARANTEED:** A company can reduce or stop paying dividends if profits fall or it chooses to reinvest its earnings.


**SLOWER GROWTH POTENTIAL:** Companies that pay high dividends often set aside less for expansion, which can limit long-term growth.

**TAXES:** In taxable accounts, dividend payments may be subject to income tax, which can slightly reduce returns.

## THE TAKEAWAY

Dividends are a simple way for investors to earn money from the stocks they own. They can be taken as extra income or reinvested to buy more shares and build savings over time. Companies aren't required to pay dividends, but when they do, it's often a sign that the business is steady and profitable. Over time, those payments can add up and become an important part of a balanced investing plan.

## DIVIDENDS IN EVERYDAY LIFE



Dividends appear in many ordinary ways. Retirement accounts often include dividend-paying stocks or mutual funds, providing a steady boost to account balances over time. Some families use dividends as extra income, while others let them reinvest automatically through DRIPs so their investments grow quietly in the background.

Even small dividend payments can add up over years of consistent investing. They serve as a reminder that patient, long-term investors share directly in a company's success, one payout at a time.

## A QUICK EXAMPLE

Ahuva owns 200 shares in a company that pays \$2 per share each year, earning her \$400 in dividends. Instead of spending the money, she reinvests it to buy more shares. The following year, those new shares also earn dividends, and her total payout grows. Over time, her investment compounds, creating steady growth without adding more of her own money.

This simple example shows how dividends can serve two purposes—providing income now and building wealth for the future—through consistency and reinvestment.

*Rivka Resnik is the author of three financial literacy textbooks—one for middle school and two for high school—available at cost price to any Jewish school through the OU and Living Smarter Jewish.*

# Building Blocks of Wealth



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G IS FOR **Growth vs. Value Investing**  
TWO PATHS TO PROFIT

## WHAT IS GROWTH VS. VALUE INVESTING?

When people talk about investing in stocks, they often describe two main approaches: growth investing and value investing. Both are ways to build wealth in the stock market, but they focus on different kinds of companies and strategies.

Growth investing looks for companies that are expected to expand quickly. These firms often reinvest profits into expansion rather than paying dividends.

Value investing focuses on companies that appear undervalued—trading at prices lower than what they might be worth.

Both paths can be profitable, but they work in different ways and appeal to different types of investors.

## WHY GROWTH AND VALUE MATTER

Investors use growth and value strategies to decide which types of stocks fit their goals. Growth stocks aim for higher returns if a company expands successfully, while value stocks focus on steadier performance and a lower chance of overpaying. Understanding both approaches helps investors match their investments to their goals, time frame, and comfort with risk.

## GROWTH INVESTING

Growth investors buy stocks in companies they believe will expand quickly. These are often businesses in technology, healthcare, or other fast-changing industries. The hope is that as sales and profits rise, the stock price will climb too.

**STRONG RETURN POTENTIAL:** If the company does well, its stock can gain value quickly.

**INNOVATION:** Growth companies often bring fresh products or services to the market.

**EXCITEMENT:** There's an appeal in investing early in what might become the "next big thing."

**HIGHER RISK:** Stock prices can fall sharply if the company slows down or underperforms.

**FEW DIVIDENDS:** Most growth companies reinvest profits, so you rely mainly on stock price increases.

**PRICEY SHARES:** Growth stocks often trade at high prices compared to the company's current earnings, leaving less room for mistakes if performance slips.

Pros

Cons

## VALUE INVESTING

Value investors look for companies that seem underpriced by the market. These investors often study financial reports to find solid businesses whose stocks are trading below their true value. Think of well-known companies in steady industries that may be overlooked or temporarily out of favor.

### Pros

**LOWER RISK OF OVERPAYING:** Buying undervalued stocks means you may get a bargain.

**DIVIDENDS ARE MORE COMMON:** Many value companies pay dividends, adding steady income.

**POTENTIAL REBOUND:** The stock price may rise if the market recognizes the company's worth.

### Cons

**SLOWER GROWTH:** Value stocks may not skyrocket the way growth stocks can.

**PATIENCE REQUIRED:** It can take time for undervalued companies to be noticed by the market.

**POSSIBLE VALUE TRAPS:** Sometimes a stock is cheap for a reason, like poor management or long-term challenges.

### How they build wealth

Both strategies can help your money grow, but they do so in different ways:



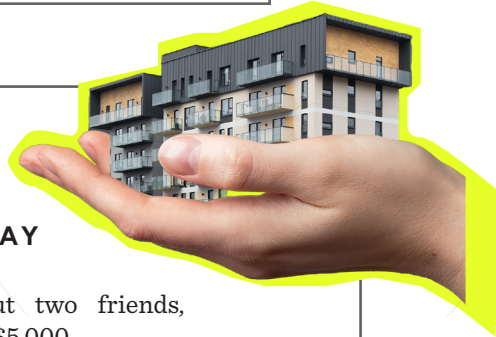
#### Growth investing

depends on stock prices rising quickly as companies expand.



**Value investing** relies on steady returns, dividends, and eventual price corrections when the market recognizes undervalued stocks.

Some investors stick with one approach, while many use a mix of both for balance and diversification.



## GROWTH VS. VALUE IN EVERYDAY LIFE

Think about two friends, each investing \$5,000.

Tali chooses growth stocks, putting her money into fast-rising tech companies. Her returns could be high if the companies perform well, but prices can drop quickly if they slow down or underperform.

Batsheva prefers value stocks, buying shares of established companies with steady earnings and dividend payments. Her returns may come more slowly, but she's likely to experience fewer ups and downs along the way.

Both paths can work. The choice depends on how much risk an investor is willing to take and how patient they are in waiting for results. In fact, many retirement accounts include a mix of both strategies, giving investors the upsides of growth with the steadiness of value.

### A QUICK EXAMPLE

Imagine a company's stock selling for \$50.

A growth investor might buy because the company is about to release an exciting new product, and the stock could rise quickly.

A value investor might also buy for a different reason: The company's balance sheet suggests it's worth closer to \$70, so the current price looks like a bargain.

Same stock, two different approaches.

### THE TAKEAWAY

Growth and value investing are simply two ways of approaching the stock market. Blending the two approaches gives investors both opportunity and balance. It can help them stay invested during fast-moving and steady markets, giving their portfolio greater stability over time. ●

# Building Blocks of Wealth



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**I IS FOR IRAs and Retirement Accounts**  
PLANNING FOR THE FUTURE

## WHAT ARE IRAS AND RETIREMENT ACCOUNTS?

An IRA (Individual Retirement Account) is a special savings account that helps you set aside money for retirement. The money you contribute is invested in stocks, bonds, or mutual funds. The key advantage is that IRAs offer tax benefits, making it easier for your savings to grow over time.

Retirement accounts are long-term savings plans designed to provide income after you stop working. They include workplace plans such as 401(k)s, where employers often contribute alongside employees. These accounts give people a reliable way to save for the future and build independence later in life.

## WHY THEY MATTER

Many people retire without enough savings to cover their everyday needs. Retirement accounts offer three key advantages:

**Growth:** Investments compound and build over many years.

**Tax benefits:** Some accounts reduce taxes now, while others grow tax-free for the future.

**Security:** A retirement fund provides financial protection and helps you have money to live on after you retire.

These accounts help you save steadily now so you'll have money to rely on after you retire.

## HOW RETIREMENT ACCOUNTS GROW YOUR MONEY

Retirement accounts build wealth in three main ways:

**COMPOUNDING:** Earnings are reinvested, so your balance grows faster over time.

**TAX ADVANTAGES:** Depending on the account, you can save on taxes now (Traditional) or later (Roth).

**EMPLOYER MATCHES:** With a 401(k), matching contributions help your savings grow more quickly at no extra cost.

Even modest monthly deposits can add up to substantial savings over several decades.

The different kinds of retirement accounts



**Traditional IRA**

Contributions may be tax-deductible, and investments grow tax-deferred until withdrawal. Withdrawals in retirement are taxed as income.



**Roth IRA**

You contribute after-tax money, but withdrawals, including investment growth, are tax-free in retirement.



**401(k) plans**

Employer-sponsored accounts where companies often match part of what employees save, which is essentially free money that accelerates growth.



**403(b) plans**

Similar to 401(k)s, these are offered mainly by schools, hospitals, and nonprofit organizations.



THE PROS AND CONS OF SAVING FOR RETIREMENT

Pros

**TAX BREAKS:** Some accounts reduce your taxes now, while others help you avoid them later.

**GROWTH OVER TIME:** Compounding lets small deposits turn into meaningful savings.

**EMPLOYER HELP:** Many jobs include matching contributions, giving your savings a boost.

**FUTURE INCOME:** These accounts create dependable funds to draw from once you stop working.

**WITHDRAWAL RULES:** Taking money out too early usually brings extra taxes or penalties.

**CONTRIBUTION LIMITS:** You can only save up to a set amount each year, which makes it harder to catch up if you start late.

**MARKET RISK:** Balances can rise and fall with the stock market.

Cons

**LIMITED ACCESS:** These accounts aren't meant for emergencies or short-term spending.

WHY STARTING EARLY MATTERS

Retirement may seem far away in your 20s or 30s, but waiting too long to save makes it harder to catch up later. Without personal savings, many retirees rely mainly on Social Security, which rarely covers housing, medical bills, and daily costs.

Starting early gives your money more time to grow through compounding. For example, saving \$200 a month at age 25 instead of 40 can make a significant difference. If investments grow about 6 percent annually, that early start could mean around \$395,000 by age 65 instead of \$157,000.

The best time to start saving is early, but the second-best time is today. Time, consistency, and patience are what make long-term saving work. Even small, steady deposits add up over time and can make a real difference by retirement.

A QUICK EXAMPLE

Elisheva contributes \$3,000 yearly to her Traditional IRA for 30 years. If her investments grow at an average of 6 percent annually, she'll have about \$237,000 by retirement.

Her employer matches her contributions through a 401(k). With the same growth rate, Elisheva's balance can reach nearly \$475,000—about twice as much as saving alone.

THE TAKEAWAY

Retirement accounts, including IRAs, are practical tools for building financial security over time. They combine tax advantages with steady investment growth and compounding. They also provide structure and a clear plan for saving that turns short-term effort into lasting results. Starting early and saving regularly can make a big difference, helping you cover expenses and live more comfortably when you retire.

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RIVKA RESNIK

## L IS FOR LIQUIDITY

WHY ACCESS TO CASH MATTERS

### WHAT IS LIQUIDITY?

*Liquidity* is a word investors use to describe how quickly and easily you can turn something you own into cash without losing too much of its value. The more liquid an asset is, the faster you can use it.

Cash in your wallet or money in a checking or savings account is liquid because you can access it immediately.

Other assets aren't as easy to convert. A house may be valuable, but selling it could take months. A collectible might be worth a lot, but finding the right buyer takes time. These items help build wealth, but they don't provide quick cash when needed.

### WHY LIQUIDITY MATTERS

Liquidity allows you to pay for expenses when they come up. Without it, you could own valuable assets but still struggle to cover daily costs. If most of your money is tied up in property or retirement accounts, you may be forced to borrow at high interest, pay penalties, or sell your investments at the wrong time to get cash.

Keeping part of your savings liquid helps you handle car repairs, medical bills, or home expenses without going into debt. It also gives you flexibility to take advantage of opportunities, such as investing in a business or making a down payment on a home. Liquidity isn't about keeping everything in cash; it's about having enough to meet planned and unexpected expenses.

## Different levels of liquidity



### Highly liquid:

Cash, checking, and savings accounts are the easiest to access. They're dependable in emergencies and available immediately.



### Moderately liquid:

Stocks and mutual funds can usually be sold within a few days, though prices may change before the sale goes through.



### Less liquid:

Bonds are less liquid. Some bonds can be sold quickly, but others, like savings bonds, may need to be held until they mature.



### Illiquid:

Property, collectibles, or business ownership are often illiquid. Illiquid means difficult to turn into cash without delay or loss in value. These assets may hold long-term worth, but selling them frequently takes months or years.

## THE PROS AND CONS OF MAINTAINING LIQUIDITY

### Pros

**FLEXIBILITY:** Having liquid savings means you can handle expenses or take advantage of opportunities without delay.

**EMERGENCY SUPPORT:** Cash or other liquid funds let you cover urgent costs without taking on debt.

**PEACE OF MIND:** Knowing you can reach your money quickly reduces financial stress.

**OPPORTUNITY READY:** Liquidity lets you take advantage of a good investment or purchase.

### Cons

**LOWER RETURNS:** Checking and savings accounts usually earn little interest.

**INFLATION RISK:** Cash loses buying power if prices rise faster than the interest earned.

**EASIER TO SPEND:** Readily available money can make it tempting to dip into savings.

**LIMITED GROWTH:** Keeping too much in liquid form may prevent your money from growing as much as it could in long-term investments.

## THE TAKEAWAY

*Liquidity* simply means having access to your money when you need it. Having some savings on hand makes it easier to cover everyday and unexpected expenses while the rest can stay invested and grow for the future.

## BALANCING LIQUIDITY AND GROWTH

Finding the right balance means keeping enough cash to handle unexpected costs while letting the rest of your money grow in longer-term investments. Too little liquidity can cause stress during emergencies but keeping everything in cash limits growth.

Reviewing your savings and investments twice a year is a good approach. Make sure you have quick access to money for short-term needs while keeping the rest invested for long-term growth.

## LIQUIDITY IN EVERYDAY LIFE

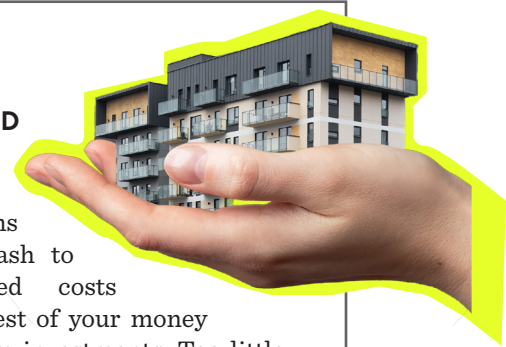
Most families already balance liquidity without realizing it. A checking account handles bills, savings cover short-term needs, and retirement accounts are set aside for the future. Liquidity connects these pieces, making sure some money is available when needed and some is set aside to grow.

## A QUICK EXAMPLE

When Yosef Chaim's car suddenly needs \$3,000 in repairs, his savings account covers it immediately. He doesn't have to borrow or sell investments at the wrong time because he keeps part of his money in savings, some in mutual funds, and the rest in the equity of his home.

On the other hand, Leah put nearly all her money into a home renovation project. When her car needed four new tires, she had no cash left and had to use a high-interest credit card. Her situation shows the other side of liquidity—when too much is tied up, even small expenses can become stressful.

Both examples show that liquidity works best when part of a balanced plan.



# Building Blocks of Wealth



RIVKA RESNIK

C IS FOR **CRYPTOCURRENCY**  
DIGITAL MONEY EXPLAINED

## WHAT IS CRYPTOCURRENCY?

Cryptocurrency is a form of digital money that exists only online. Unlike the dollars in your wallet or bank account, it isn't issued by a government or backed by a physical asset like gold. Instead, it runs on a blockchain—a digital record that securely tracks every transaction and is shared across computers worldwide. Each new transaction is verified and added to the chain in real time, creating a permanent record that can't be changed.

Well-known examples of cryptocurrency include Bitcoin and Ethereum. These digital coins can sometimes be used to buy goods or services, though most people purchase them as investments, hoping their value will rise over time. New types of coins appear every year, but most never become widely used or hold long-term value.

## HOW CRYPTOCURRENCY WORKS

Cryptocurrency transactions happen directly between people, with no banks or credit card companies in between. The blockchain records every exchange, and computers across the globe verify each one. Once confirmed, transactions can't be reversed, which helps prevent fraud and double-spending—spending the same digital money twice.

People store their digital coins in an online wallet, protected by private passwords called *keys*. If those keys are lost or stolen, the money can't be recovered, which is one of the biggest risks of owning cryptocurrency. Experts recommend using secure storage methods and keeping backup copies of wallet information offline.

## Why it matters

Cryptocurrency changed how people think about money. It makes payments fast, even across countries, without relying on traditional banks. Some see it as the future of global finance and a tool for independence from large institutions. Others view it as risky and unpredictable—more like gambling than investing.

The truth lies somewhere in between. Cryptocurrency offers innovation and accessibility, but it also comes with high volatility. Prices can rise or fall dramatically, sometimes within hours. Investors can make impressive gains, but they can also lose much of their investment just as quickly.

## THE PROS AND CONS OF INVESTING IN CRYPTOCURRENCY

### Pros

**ACCESSIBILITY:** You can buy, sell, or trade cryptocurrency anytime, anywhere. The markets never close.

**INNOVATION:** Blockchain technology could transform many industries, from supply chains to health-care and record-keeping.

**TRANSPARENCY:** Every transaction is recorded on a public ledger, making activity easy to trace and verify.

### Cons

**VOLATILITY:** Cryptocurrency prices can rise or drop suddenly, sometimes within hours, making it a very unpredictable market.

**SECURITY RISKS:** If you lose your passwords or your account is hacked, your funds are usually gone for good. There's no recovery system.

**LIMITED REGULATION:** Because rules are still being developed, investors have fewer safeguards against scams, fraud, or unfair trading practices.

## In Everyday Life



### In daily transactions

Cryptocurrency is slowly finding its place in daily transactions. Some people use it to send money overseas or make online purchases, especially where traditional banking systems are slow or expensive. Others treat it as a speculative investment—buying when prices are low and hoping to sell later for a profit.

A few large companies and charities now accept certain coins as payment or donations, although it's still uncommon.



### A small part of the plan

For most investors, cryptocurrency should be only a small part of a broader financial plan—money they can afford to risk, not funds needed for bills, savings goals, or emergencies. Learning how digital currencies work before investing is just as important as deciding how much to invest.

**"Cryptocurrency offers innovation and accessibility, but it also comes with high volatility. Prices can rise or fall dramatically, sometimes within hours"**



### LEARNING BEFORE INVESTING

Because rules are still being developed, investors have fewer safeguards against scams, fraud, or unfair trading practices.

### A QUICK EXAMPLE

After hearing that Bitcoin's price has risen, Eli buys \$500 worth. Within two weeks, the value increases, and his coins are worth about \$650. Encouraged by the gain, he decides to hold on. The market drops sharply a month later, and his investment falls to \$200.

Meanwhile, his friend Dani reads about cryptocurrency but decides to learn more before buying. He leaves his \$500 in a savings account, letting it earn interest while he studies how cryptocurrency works.

Eli's ups and downs show how quickly cryptocurrency values can change, while Dani's patience shows why it's smart to learn about an investment before investing money.

## THE TAKEAWAY

Cryptocurrency is online money that uses blockchain technology instead of banks. It allows fast payments and global transactions but can be risky because prices change quickly and there's limited regulation. It's important to understand how it works before deciding to buy or invest.

# Building Blocks of Wealth



RIVKA RESNIK

W IS FOR **NASDAQ & NYSE**  
THE HEART OF THE STOCK MARKET

## WHAT ARE THE NASDAQ AND NYSE?

When people say “the stock market is up” or “the market dropped today,” they’re usually referring to the two main US stock exchanges—the NASDAQ and the New York Stock Exchange (NYSE). These are the primary places, physical or digital, where investors buy and sell shares of companies.

The New York Stock Exchange (NYSE), founded in 1792, is the oldest and most traditional exchange in the country. It still operates a trading floor in New York City, where traders actively buy and sell stocks in real time.

The NASDAQ, launched in 1971, was the first fully electronic exchange. Instead of a physical floor, it uses computers to match buyers and sellers instantly, allowing trades to happen around the clock from anywhere in the world.

## HOW THEY WORK

Both exchanges connect people who want to buy stocks with those who want to sell them. When you place an order through

a broker or an investing app, it’s sent to one of these exchanges. The exchange matches buyers and sellers. When both agree on a price, the trade goes through.

Companies list their stocks on an exchange to raise money for growth. Investors can then buy shares, becoming part-owners of those businesses. Share prices move throughout the day as investors respond to company news, earnings reports, and changes in the economy.

## WHAT MAKES THEM DIFFERENT

The NYSE includes many of the country’s biggest and most established companies—names like Coca-Cola, Walmart, and Disney. It’s often seen as the steadier side of the market, where long-term performance matters most.

The NASDAQ, on the other hand, is home to many technology and growth companies such as Apple, Microsoft, and Amazon. It’s known for newer companies whose prices can change quickly as investors react to trends, technology, and demand.

## Why they Matter

Together, the NASDAQ and NYSE make up the core of the US stock market. The buying and selling that happen on these exchanges each day help shape stock prices, show how confident investors feel, and influence markets around the world.

When analysts talk about “the market,” they’re usually referring to how these exchanges performed that day.

Understanding the difference helps investors see where their stocks are traded and what types of companies each exchange attracts.

**Share prices move throughout the day as investors respond to company news, earnings reports, and changes in the economy**

## THE PROS AND CONS OF TRADING ON THE NASDAQ AND NYSE

### Pros

**EASY ACCESS:** Anyone with a brokerage account can buy or sell stocks on these exchanges.

**TRANSPARENT PRICING:** Stock prices are public and update throughout the day, so it’s simple to see what shares are worth.

**ACTIVE TRADING:** Because millions of trades take place daily, it’s usually quick to buy or sell.

**LOTS OF CHOICE:** Investors can pick from thousands of companies in many different industries.

### Cons

**UPS AND DOWNS:** Stock prices can move fast when there’s news about the economy or a company’s earnings.

**EMOTIONAL DECISIONS:** Watching daily price changes can lead investors to trade too often.

**MARKET DOWNTURNS:** Even strong companies can lose value when the market as a whole falls.

**INFORMATION OVERLOAD:** With so much data available, it can be difficult to tell which information truly matters.

## THE TAKEAWAY

The New York Stock Exchange (NYSE) and the NASDAQ are the main places where US stocks are bought and sold. These exchanges link buyers and sellers, set daily stock prices, and show how the economy is performing.

The NYSE is known for long-established companies and steady trading, while the NASDAQ features many fast-moving technology firms. Together, they make up the foundation of the US stock market and influence markets worldwide.

Knowing how they operate helps investors understand market news and how these exchanges affect personal investments and the economy.

## IN EVERYDAY LIFE

Millions of Americans interact with the NASDAQ and NYSE every day without realizing it. If you own mutual funds through a retirement plan, buy shares through an app, or even follow the market report on the news, you’re seeing these exchanges in action.

The ups and downs reported each evening reflect how investors feel about everything from company profits to world events. These shifts can affect consumer confidence, savings balances, and even business hiring or expansion.

## A QUICK EXAMPLE

Bassi owns shares of Apple and Coca-Cola. Apple trades on the NASDAQ, while Coca-Cola trades on the NYSE. On a typical day, Apple’s price might rise or fall a few dollars as tech stocks often react quickly to news. Coca-Cola’s price usually changes more slowly because it’s a steady, long-established company.

Both are part of the same overall market, but each reflects the character of its exchange—one fast-moving and tech focused, the other traditional and stable.



# Building Blocks of Wealth



RIVKA RESNIK

P IS FOR **Portfolios**  
BUILDING YOUR MIX

## WHAT IS A PORTFOLIO?

A portfolio is the collection of all your investments. It can include stocks, bonds, mutual funds, real estate, or cash savings. Together, these pieces form your financial picture, showing what you own, how your money is invested, and the level of risk you're taking.

No two portfolios are exactly alike. Some investors prefer steady income from bonds or dividend-paying stocks. Others look for long-term growth in areas like technology or real estate. The right balance depends on each person's goals and comfort level.

## WHY PORTFOLIOS MATTER

Your portfolio determines how your money performs over time. It shows whether you're investing safely, taking too much risk, or staying balanced. A well-structured portfolio can help you grow wealth, handle market changes, and work steadily toward long-term plans such as buying a home or saving for retirement.

If your portfolio leans too much toward one type of investment—for example, all stocks or all real estate—a single market downturn could have a significant impact. Spreading your money across different investments helps reduce that risk and creates more stability over time.

## BALANCING RISK AND RETURN

Every investment has its own mix of risk (the chance of losing money) and return (the potential reward).

Stocks offer strong growth potential but can change sharply in value.

Bonds are steadier and provide more predictable income, though they usually grow more slowly.

Real estate and other assets can add variety and long-term strength to your portfolio.

By combining these investments in the right proportions, you can aim for steady growth while limiting the size of the ups and downs along the way.

## THE PROS AND CONS OF A DIVERSIFIED PORTFOLIO

### Pros

**LOWER RISK:** Losses in one area can often be offset by gains in another.

**STEADIER PERFORMANCE:** A healthy mix of investments helps balance market ups and downs.

**FLEXIBILITY:** You can adjust your mix as your goals, income, or life stage changes.

**OPPORTUNITY:** Different types of assets give you more ways to benefit from growth in various parts of the economy.

### Cons

**COMPLEXITY:** Managing several kinds of investments takes time and attention.

**COSTS:** Some accounts or funds charge fees that reduce overall returns.

**UNEVEN GROWTH:** Not every part of your portfolio will do well at the same time.

**OVER-DIVERSIFYING:** Owning too many similar investments can make it harder to track progress or stay focused on goals.

## How to build your mix

Start by thinking about your goals and your timeline. Are you saving for a short-term need or investing for the future? Younger investors often take on more stocks for long-term growth, while those closer to retirement shift toward safer choices such as bonds or savings.

Review your portfolio at least twice a year. If one area grows much faster than another, you can rebalance—selling a bit of what's increased in value and adding to what's lagged behind—to keep your mix steady and aligned with your goals.

Thinking about your investments as one overall picture helps you see where your money is concentrated and whether it's time to make small adjustments for a better balance.

## THE TAKEAWAY

A portfolio is more than a list of investments; it's a plan for how your money works for you. Building a mix of different assets helps protect what you've saved while allowing it to grow. The right balance looks different for everyone, but the goal is the same: steady progress toward lasting financial security.

## IN EVERYDAY LIFE

Most people already manage a portfolio in small ways without realizing it. A savings account covers short-term needs, retirement plans handle long-term growth, and mutual funds combine many investments into one simple option. Even deciding how much money to keep in savings versus an investment account is part of building your portfolio.

### A QUICK EXAMPLE

Yael and Hadassah each have \$10,000 to invest. Yaeli puts all her money into technology stocks. Hadassah divides hers—60 percent in stocks, 30 percent in bonds, and 10 percent in cash savings.

When the stock market rises, Yaeli's portfolio grows faster. But when the market drops, her losses are larger. Hadassah's portfolio grows more slowly, but her bonds and cash help soften the impact.

Hadassah's approach shows how diversification, spreading money across different types of investments, reduces risk and helps her stay on track toward long-term goals. ●



# Building Blocks of Wealth



RIVKA RESNIK

R IS FOR **Risk and Return**  
BALANCING SAFETY AND GROWTH

## WHAT ARE RISK AND RETURN?

Every investment involves a trade-off between risk—the chance you could lose money, and return—the reward you expect to earn.

In simple terms, higher-potential returns usually come with higher risk, while safer investments grow more slowly. Stocks can rise quickly in value, but they can also drop just as fast. On the other hand, bonds move more slowly; they're steadier but typically earn less. Finding the right mix between the two depends on your comfort level and long-term financial goals.

## WHY RISK MATTERS

Every investment involves some risk. If you avoid risk altogether, your savings may not grow enough to meet future needs. But if you take on too much, you could face losses that are hard to make up.

The key is balance—taking a level of risk that helps your money grow but still feels comfortable.

## FINDING THAT BALANCE DEPENDS ON THREE THINGS:

**Timeline:** How long do you plan to invest before you need the money?

**Goals:** What you save for, such as college, a house, or retirement.

**Comfort level:** How comfortable you are when the market goes up and down.

**Remembering these points can help you make a plan that keeps your money safe while still letting it grow.**

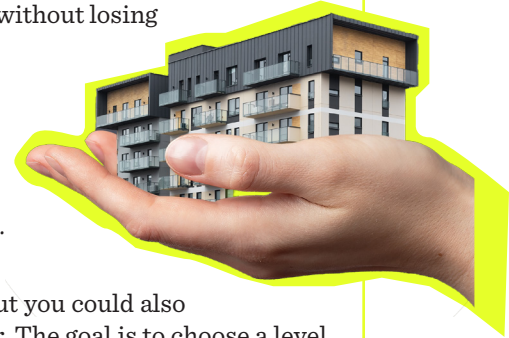
## Types of Risk

- **Market risk:** The chance that your investments lose value when the stock market goes down.
- **Inflation risk:** When prices rise faster than your money grows, your money can't buy as much.
- **Interest-rate risk:** When rising rates make existing bonds less valuable.
- **Company risk:** When a single business or industry performs poorly.
- **Liquidity risk:** When it's hard to sell an investment quickly without losing value.

*Knowing these risks helps you prepare rather than panic when markets change.*

### The connection between risk and return

Risk and return are linked. If you take more risk, you might earn more, but you could also lose money. If you take less risk, your money grows more slowly, but it's safer. The goal is to choose a level of risk that fits your situation.



## THE PROS AND CONS OF TAKING RISKS

### Pros

**GROWTH POTENTIAL:** Higher-risk investments grow faster over time.

**KEEPING UP WITH INFLATION:** Stocks and other growth assets help your money maintain its buying power.

**NEW OPPORTUNITIES:** Taking reasonable risks lets you benefit from expanding industries and innovation.

### Cons

**CHANCE OF LOSS:** Higher-risk investments can drop sharply in value.

**EMOTIONAL STRESS:** Watching markets fluctuate can tempt investors to make quick or poor decisions.

**TIMING RISK:** Needing your money soon after a market downturn can lock in losses.

## THE TAKEAWAY

Risk and return are connected. Taking some risk helps your money grow, but too much risk can lead to losses. The best approach is to find a balance that fits your goals, determine how long you plan to invest, and decide how comfortable you are with changes in the market.

## A QUICK EXAMPLE

Gavi and Ezra each invest \$5,000. Gavi buys mostly stocks because he wants higher growth. Ezra chooses bonds for a steadier path.

After five years, Gavi's investment grows to about \$7,000 when the market is strong, but it falls to \$5,800 during a downturn. Ezra's bonds grow slowly but consistently, ending at around \$5,600.

Both made reasonable choices. Gavi accepted more risk and saw bigger ups and downs. Ezra played it safer and saw smaller but steadier progress. The lesson? Every investor needs to decide how much risk they feel comfortable with that fits their goals and timeline.

## MANAGING YOUR RISK

You can't eliminate risk, but you can keep it under control:

**Diversify:** Spread your money across different assets so one loss doesn't derail your plan.

**Think long-term:** Short-term drops matter less when your goals are years away.

**Review regularly:** Check your investments at least once or twice a year to make sure your mix still matches your goals.

Good risk management doesn't remove uncertainty, but it helps you make steady progress even when markets change. ●