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WISDOM**

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FRIDAY**

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Every Friday!

STOCKS

Essential Facts at a Glance

WHAT ARE STOCKS?

A stock represents partial ownership in a company. When you buy a stock, you become a shareholder and own a small piece of that business.



Stocks are an investment — not a deposit account.

WAYS YOU CAN EARN

Stocks can potentially provide returns in two main ways:



Price Appreciation

The value of the stock may increase over time if the company grows.



Dividends

Some companies pay dividends, which are a share of their profits.

Neither price appreciation nor dividends are guaranteed.

HISTORICAL PERFORMANCE

Over the long term, the stock market has historically provided higher average returns than many other asset classes.

Past performance does not guarantee future results.



Investing in stocks is often part of a long-term financial strategy.

KEY THINGS TO KNOW



Higher Potential Returns

Stocks have the potential for higher returns compared to savings accounts.



Higher Risk

Stock prices can go up or down, can be volatile in the short term, and **you can lose money**, including your original investment.



Time Horizon Matters

The longer the time horizon, the greater the potential to ride out short-term fluctuations.



Diversification

Spreading investments across different companies and industries can help reduce company-specific risk, but it does not protect you from broad market declines.

OTHER IMPORTANT FACTS



Not FDIC or NCUA Insured

Investments in stocks are not insured by the FDIC or NCUA.



SIPC Protection

Brokerage accounts are typically SIPC protected if the firm fails, per customer, per firm. SIPC does not protect against a decline in the value of your investments.



Market Fluctuations

The value of stocks can increase or decrease, and entire markets can experience downturns.



Fees and Costs

Some investments may have commissions, management fees, or other fees.



Potential Tax Implications

You may owe taxes on dividends, capital gains, and other investment income.



Do Your Research

Understand the company, industry, and your own goals before investing.

STOCKS vs. HYSAs KEY DIFFERENCES

STOCKS (Investment)



- Ownership in a company
- Potential for higher long-term returns (historically)
- Higher risk and you can lose money
- Not FDIC or NCUA insured (SIPC protection may apply)
- Subject to market fluctuations
- Often used as part of a long-term strategy

HYSAs (Savings Account)



- A type of deposit account
- Earns interest
- Generally lower growth potential than stocks (historically)
- FDIC or NCUA insured (limits apply)
- Designed for savings goals
- More stable value (does not lose value due to market fluctuations)

COMMON USES



Long-term wealth building



Retirement savings



Long-term education savings



Other long-term financial goals

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