

Large-cap: market value between \$10 billion and \$200 billion; **mid-cap:** market value between \$2 billion and \$10 billion; **small-cap:** market value between \$250 million and \$2 billion; and. **micro-cap:** market value of less than \$250 million.

Growth Investing vs. Value Investing. Where growth investing seeks out companies that are growing their revenue, profits or cash flow at a faster-than-average pace, value investing targets older companies priced below their intrinsic value.

A **mutual fund** provides diversification through exposure to a multitude of **stocks**. The reason that owning shares in a mutual fund is recommended over owning a single stock is that an individual stock carries more risk than a mutual fund. This type of risk is known as unsystematic risk.

Diversification is the practice of spreading your investments around so that your exposure to any one type of asset is limited. This practice is designed to help reduce the volatility of your portfolio over time.

Nontaxable accounts provide tax incentives up front, while **taxable** accounts allow an individual to save and invest funds above the contribution limits on IRAs and other retirement plans.

With a **Roth IRA**, you contribute after-tax dollars, your money grows tax-free, and you can generally make tax- and penalty-free withdrawals after age 59½. With a **Traditional IRA**, you contribute pre- or after-tax dollars, your money grows tax-deferred, and withdrawals are taxed as current income after age 59½. (Also available in 401K EE contribution can go into the ROTH or Pre-Tax side while the employer's matching will always be Pre Tax – The total of both equals the employee's account)

Vesting - Employees might become vested in 20% of their employer's matching contributions after two years, 60% after four years and 100% after six years. Employers may choose this type of vesting schedule to encourage employees to stay with their company on a long-term basis.

Compounding - Interest is calculated on both the principal amount and any accrued interest, resulting in exponential growth over time. [Click here](#) for a compounding calculator.

Securities and advisory services offered through LPL Financial, a
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253-237-0705

info@wymanfs.com