

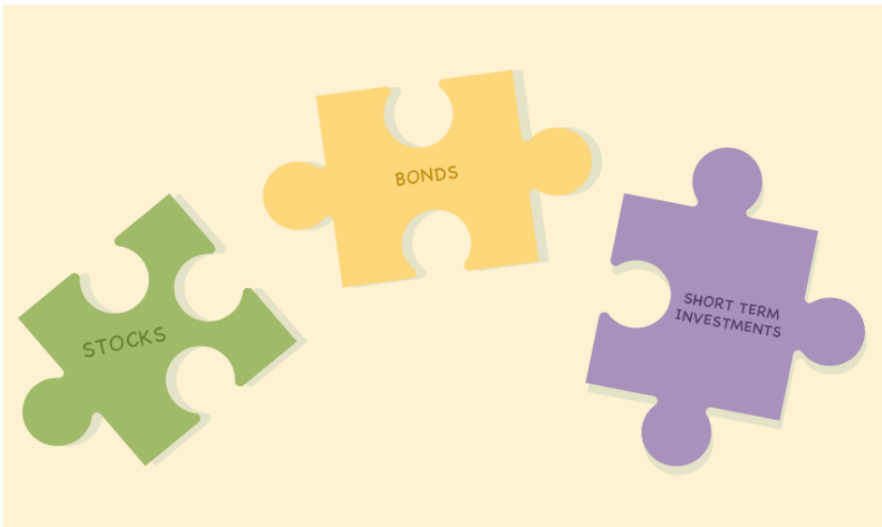
# Asset Allocation? That's a Mouthful!

Sure, it's a big word, but kids can learn quickly that asset allocation isn't so tricky. And it's one powerful skill! It's an important step in investing money to help it work better in the long term. Asset allocation is how money is divided between stocks, bonds, and short-term investments. Now, say it with us: "asset al-low-kay-shun"!

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## Asset Allocation

Asset allocation is how you divide up your money among your stocks, bonds, and short-term investments. On this journey, you will invest your coins (or assets) in three different kinds of piggy banks where each earns a different return and is subject to a different level of risk (representing a savings account, bonds, and stocks).



If you have \$100, what would be the best way to invest the money? It depends on when you will spend the money. If you'll spend it soon, you should put all of it into a savings account. In a savings account, your money can earn interest, but the interest earned from a savings account probably won't be enough to keep up with inflation. If you're saving for a long-term goal, you'll want to invest the money in something that can earn more than a savings account. To maybe increase your \$100 much faster and keep up with rising

prices, you can invest in stocks and bonds. Think of these as other types of piggy banks.

Keep going, you're doing great!

Next Skill