



The background features a dark blue and black color scheme with a white line graph on the left and a bar chart on the right. The line graph has four data points connected by a white line, with the second and fourth points highlighted with a yellow glow. The bar chart has several vertical bars of varying heights, with the second bar from the left labeled '289.33'. A large, semi-transparent white L-shaped graphic is positioned in the center-right, partially overlapping the text area.

# THE “HOW” IN HOW TO GET STARTED INVESTING

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# Why do you want to invest in the stock market?

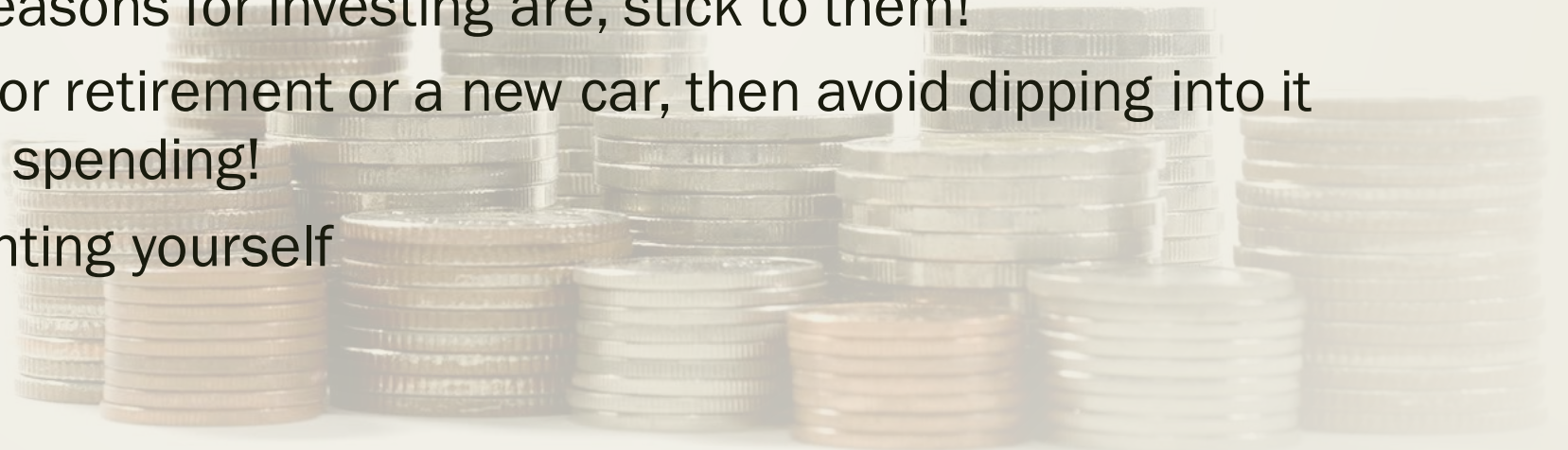
- To make money, fast
- Beating inflation (or keeping up with it)
- Saving for a personal goal (car, vacation, house, retirement)
- Someone told me to
- Passive income or cash flow

All of these (and more) are valid reasons!

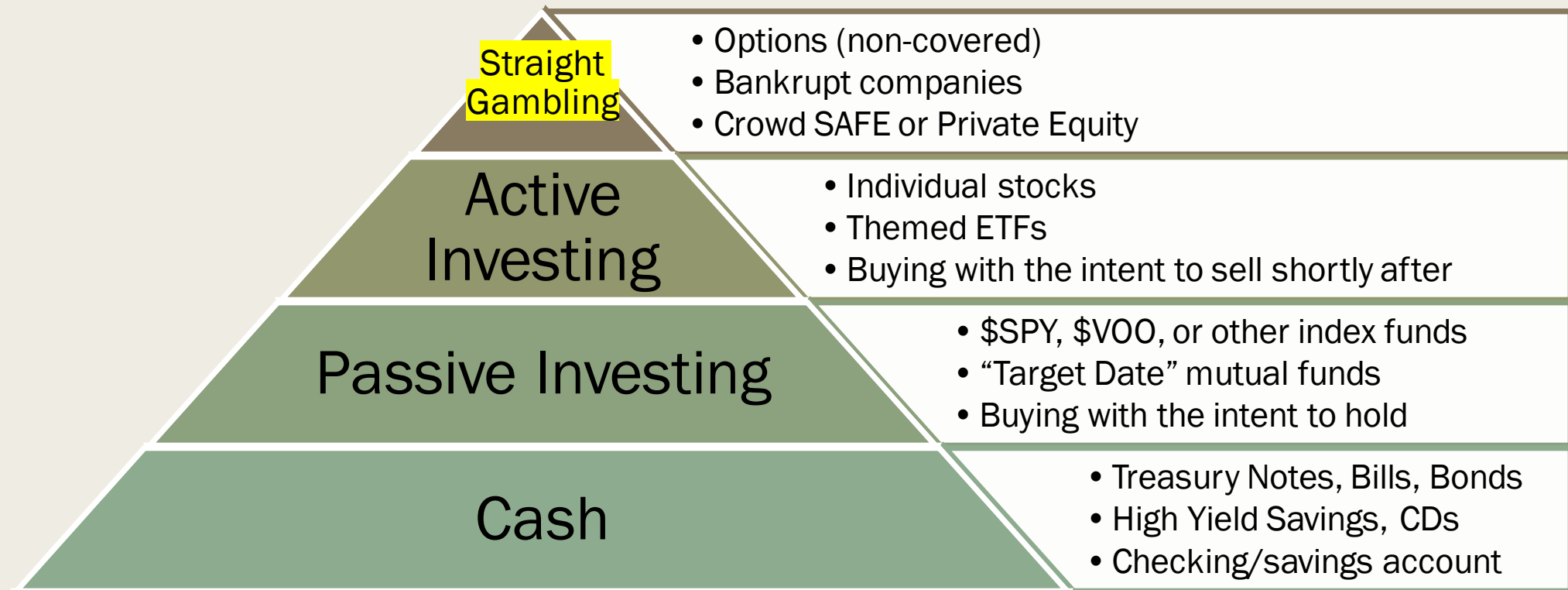


# Understanding your risk tolerance, before you deposit your money

- Determine what level of risk you are willing to accept at this time
  - It is a bad idea to be investing with your rent money
  - This is different for everyone and there is no perfect answer
- FAFO
- Whatever your reasons for investing are, stick to them!
  - If money is for retirement or a new car, then avoid dipping into it for everyday spending!
  - Avoid gaslighting yourself



# Understanding your risk tolerance, before you deposit your money



# A quick tangent on High Yield Savings Accounts and Treasury Yields

## US Treasury Yield Curve



# What account types are out there? (The easiest to open and use)



## Standard Brokerage Account

*This is the most common and what most companies offer front and center*

*Optional features vary and might make more sense for some people*

*Not tax-advantaged*



## Retirement accounts

*401k: Funded with pre-tax dollars from your employer; taxed when you withdraw*

*Roth IRA: Funded with post-tax dollars; no taxes when you withdraw*

*Annual contribution limits and other rules*

# Other account types or phrases you might be aware of



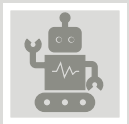
403(b) & 457(b)

Other retirement options specifically for nonprofit or government employers



Custodial account

If your parents were loaded and started an account before you were 18



“Robo Advisor”

Account where investments are automatically chosen by a “robot” but really a fancy set of formulas; typically seen in retirement accounts

# Bells and Whistles

You will probably want to choose your “broker” – the company who holds your investment account – based on any optional features they offer. Some common ones are:

- **Fractional Shares**, which allows you to purchase by dollars rather than shares
- **Extended Trading**, beyond the 9:30am-4:00pm window.
- ❑ Options Trading, a higher risk way to interact with the market
- ❑ **Margin**, a loan from your broker that extends the amount you can invest with
- ❑ **Additional asset classes** (Commodities, Cryptocurrency, Fixed Income)



# Where to go?

## Recommendations, not an exhaustive list

### Fidelity

- Overall best fit for new investors; offers traditional and retirement options
- Welcome offer of \$100 when you deposit \$50

### Robinhood, SoFi, Public

- Tailored to mobile and beginners; less advanced features for trading
- Welcome offers and specialty features vary

### WeBull, TDAmeritrade, InteractiveBrokers

- Features aimed at more active investors, such as desktop trading platforms
- Often has the most bells/whistles, but not great interfaces

### You should avoid brokers that do the following

- Charge per trade to buy or sell – the industry has moved to zero fee
- Make you jump through a lot of hoops to deposit

**Actually doing stuff  
with your money**





# Opening and Funding

- Most brokers offer 24/7 setup and can be done from mobile or desktop
- Identity requirements – US Citizen (SSN) or Resident (varies by broker)
- Accounts cannot be funded with a credit card!
  - ACH (Savings/Checking), Check, Debit Card
  - Typical timeline is 2-3 business days to have the money in your account after signup; some brokers will front you the cash
- KYC (Know your Customer) and AML (Anti-Money Laundering) Laws
  - Broker might ask for additional information at signup
  - Do not use your brokerage account like a checking account
  - If you might need your money fast, check if wire transfers are offered



# House Rules / Basic Concepts

- Trading is from 9:30am – 4:00pm on weekdays, excluding federal holidays
- Most assets you can buy are denoted with a \$ and then 3-5 characters, which is common across every broker (and Google)
  - \$AAPL for Apple
  - \$LUV for Southwest Airlines
- Brokers display the "current" price for each equity as the last price someone traded
  - For every buyer there is a seller on the other side
  - "Bid" is what people want to buy at, "Ask" is what people want to sell at
  - A secondary % or \$ amount in red/green usually reflects performance on that day



# House Rules / Basic Concepts

- The default unit is "shares", so whatever price you see is for one share in that company
- Some brokers offer fractional trading, where you can buy in dollars, and they convert to the fractional equivalent
- Fixed Income, Cryptocurrency, Bonds have exceptions
- Instructions beyond the signup process vary wildly
  - For the most part you are an adult and can put your money where you want, no matter how stupid
  - There is usually one or two confirmation screens from when you click the "buy" button to something happening
  - All sales final!

# Types of brokerage orders

**Market** –  
the most  
common and  
“default”

- Buys or sells the amount you want at the current market price
- Market price is the last price someone else bought or sold at

**Limit** – used  
when you have  
a specific  
price in mind

- Limit buy: “Buy ## of shares when the price goes below \$\$”; usually used when you have a set price in mind
- Limit sell: “Sell ## of shares when the price goes above \$\$”; usually used to take profit at a certain % or \$ value

**Stop loss** –  
used to stop  
you from losing  
money!

- Varies by broker but set to sell when the stock hits a certain price or percentage
- Important with risky or volatile positions

# Order Time in Force

**Day:** the most common and “default”

- Your order sits until market close, 4pm\* that day
- Market orders are usually executed within seconds

**Day + Ext:**  
For “extended” trading hours

- The order is in force until the end of the extended trading hours that day – varies by broker
- Also used when trading before the market opens
- Less volume or “liquidity”, usually requires a limit order

**GTC** – good until cancelled

- Keeps the order live until it is cancelled
- Limited to a max of 180 days usually

# Asset Classes & Categories

- Equity
  - Most of what people mean when they say "the market"
  - Individual companies or entities
  - "Dividend Stocks"
    - These pay a portion of their profit to you, the shareholder, at a fixed interval
  - "REITs"
    - Real Estate Investment Trust; holds land and usually pays dividends too
- ETF – Exchange Traded Fund
  - A basket of companies, usually with an underlying theme
  - The exception is "index funds" which have a little of everything in their index
    - \$SPY for S&P 500, a group of 500 companies that represent "the market"



# Asset Classes & Categories



## Mutual Funds

Similar to an ETF but with more restrictions  
Usually actively managed with a thesis  
"Target Date" funds are commonly used in retirement accounts



## Fixed Income

Term to cover Bonds, Treasuries, CDs, and other financial products that take your money *now*, in exchange for (hopefully) more money *later*, at a set rate. Not fun

- Bonds – debt to someone else
- Treasury – debt to the US Government
- CD – debt to a bank



# Getting your money out

## Equally important, if not more

- Selling usually has a T+2 restriction
  - 2 for 2 business days before the trade is "settled" behind the scenes
  - The ability to take your proceeds and buy something new depends on if your account is cash or margin
- After the money is in your account (also called "buying power" or "available cash") you are usually able to withdraw back to a bank account in 2-3 business days
  - Unless it's your first time withdrawing (might take up to a week)
  - Unless it's going to a different account (AML laws, usually a day or two extra)
  - Unless you're doing a wire transfer (these are faster but have a fee)
- Taxes are not typically calculated nor withheld at the time of sale

# Taxes

## I am NOT an accountant

Is the activity taxable?

- If you sold something you bought, yes
  - Your profit is taxed at a capital gains rate, starting at 10% for < 1 year
  - *Different tax rates depending on if you held your position for a year or not*
- If you received a dividend, yes
  - Taxed at one of three rates depending on tax bracket
- These rules do not apply to "tax-advantaged accounts" - no taxes on profit, no write-off for loss

What happens afterwards? In mid to late January of the following year...

- One or more tax forms is generated by your broker and filed with the IRS
  - 1099, 1099B, 1099-DIV, 1099-INT are the most common
  - You have until mid-April to make sure the numbers are right and file your copy
- Sometimes your broker messes up and sends a "corrected" version in March
- No matching at the IRS = 🤪

# Where to go from here?

- "Yes, I want to invest in the market passively"
  - Open an account with Fidelity
  - Deposit money
  - Buy \$SPY or \$VOO or \$IVV, then don't touch it
- "I want to learn more about how the market works"
  - Some brokers (TDAmeritrade) offer "Paper Trading", which is with real market data and fake money
- "I need to find some gambling or investment ideas"
  - Ask on discord!
  - Ask other club members!
- "I'm not sure if a retirement account is right for me"
  - IRAs have a yearly cap for investing; the best day to invest was yesterday
  - *If you're taking higher risks, a retirement account isn't the best anyways*
- "I'm not sure where to go from here"
  - Your money is **your money** so don't put it somewhere you're not comfortable with!
  - Consider lower risk options as part of personal finance strategy – eg. HYSAs or Roboadvisors
- "No, this isn't for me"
  - That's okay!



# Appendix

- Fidelity new account  
bonus: <https://www.fidelity.com/go/special-offer>
- List of top  
brokers: <https://www.nerdwallet.com/investing/broker-comparison>
- High yield savings accounts (HYSA):  
<https://www.investopedia.com/best-high-yield-savings-accounts-4770633>
- Should you care about retirement:  
<https://learn.robihood.com/articles/how-much-should-i-save-for-retirement/>

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