

BEGINNING INVESTING

<http://www.wonderfulwebwork.com/Flash/Old Flash/principles of effective living6.swf>

Above is a link to my Flash website on effective living. It does not show up in Chrome, but other browsers support it. This website includes these investment basics:

1. Start early. Now if possible.
 2. Investment results often depend on compounding - investment returns adding to your original investment. Compounding takes time. The more time the better and the more parabolic the growth curve.
 3. Invest in equities (stocks). Since 1925 stocks have returned on average about 10% a year. No other asset has done better.
 4. Use the American Association of Individual Investors (<http://www.aaii.com/>) and Better Investing (<http://www.betterinvesting.org>). These self-help nonprofit organizations can help you invest better. Working with members of these groups can give you social support and helpful information in your investing. We are lucky; both of these organizations are active in Sacramento.
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To get started with Charles Schwab, you will need a minimum of one thousand dollars. Once you have an account, there are many possibilities. You will probably start by buying a fund - an ETF or a mutual fund. This gives diversification, letting you invest in many companies at the same time.

One good way to save up to a thousand dollars is to open and use a credit union savings account. These accounts are free and can start with small amounts. Once you save up to a thousand, you can open your brokerage account. The minimum to open a Golden 1 Credit Union savings account is one dollar. That same dollar can also open a checking account. The first 100 checks are free. There is no monthly charge for these accounts.

If your employer has a save for retirement plan, you should probably use it. Be sure to take advantage of any matching funds your employer offers. One advantage of most of these plans is that money is saved before you have a chance to spend it.