A Basic Startup For New Investors.
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Are you new to the markets and stranded in a sea of information, charts, and other vehicles that promise to help you achieve the ultimate dream; the dream of becoming wealthy and to retire in style? For many investors or those that have yet to enter the markets, it is still a frustrating confusion comprised of a wide variety of information. The main goal for many of those that are new to the markets and are committed to learning is it important to set a plan as to what direction needs to be taken in order to get started!

In this month's article I will be reviewing one of the most important lessons a novice investor should look into before investing in the market. Take note that I do not recommend that a novice investor start investing in individual stocks as the primary action toward escalating to a new financial well being. *I would like to add that on next month's article I want you to join me as I offer you – the novice investor – a preview of the renowned stock selection method **CANSLIM** in a simple and easy to understand format. I invite seasoned investors to read the article with a loved one that may need guidance in understanding this magical acronym.* What I do recommend is that novice investors start with a simple plan to invest regularly into a retirement account set up with a brokerage firm of their choice. The basic concept here is to create an automatic investment plan where you will have "X" amount of money withdrawn from your bank account on a monthly basis and deposited into a retirement account.

I must say, that if you work for an employer that offers a 401(k) Plan, that you should take advantage of investing within that type of retirement plan before you place your investment dollars anywhere else. Remember to contribute at least up to the amount your employer will match your contributions.

With that said, here are the main basic steps you should look into in order to get you started on the road to retirement: ***Note:*** *Please consult your investment advisor before investing any money into the market!*

1. Contact your investment advisor of choice.
2. Ask your advisor of the minimums and charges that are included in opening a retirement account that will be suitable for your needs. ***Sample:*** *Roth IRA, IRA, One-Person 401(k) or any other type of retirement account. I mention these types of accounts because they are the most common and simple ones to maintain and understand.*
3. Let your advisor know that you would like to set up an Automatic Investment Plan for the account selected so that you can make monthly contributions without you having to physically do them yourself. This means that when you fill out and sign the Automatic Investment Plan form, you will give the brokerage firm the ability to withdraw "**X**" amount of money from your bank account and deposited it directly into your new retirement account at your advisor's brokerage firm where he or she works. The great thing about this method of funding your retirement is that you don't have to write a check; thus you won't stop yourself from paying yourself **FIRST** – something that many people DON'T DO! **Note:** Many brokerage firms have a minimum amount you must automatically deposit into your account, so check with your advisor.

4. The money that will be deposited into the retirement account will probably earn some sort of interest since you still need to select an investment, like a mutual fund, exchange traded fund or stocks. Remember that you can deposit money into an account, but in order to actually take part of the stock market's ups and downs you must purchase shares of a stock (individual stocks) or group of stocks (like funds).. *Ask your investment advisor about what rate they offer when your money is just sitting inside an account.*
5. Based on your financial goals and amount of investment dollars you have available, an investment should be selected so that your money is put to work and hopefully grow! I think that for novice investors it is best to start with an ETF (Exchange Traded Fund) or an Index Fund that tracks (mimics) the S&P 500. I prefer for investors to select a fund that will NOT have any front loads (charges that you must pay when you invest your money into the fund). Also, make sure that the Management Fee (the percentage amount of money the manager of the fund receives from managing the fund) is small. Many index funds have a small management fee like (.25) or less. ***Note:*** *The less money you have to pay; the more money you will have within the investment you selected.*
6. **Don't touch your investment!** If you select an index fund that follows the S&P 500 (which is one of the best investments you as a novice can get into) then make sure you do the following:

    - Don't cancel your automatic investment plan. Keep it going!
    - Try your best to increase the amount of money you may automatically invest into your account and into the investment you have selected
    - Try not to switch from one investment to another because it will not allow your investment dollars to grow with time through the power of compounding. Remember that the market will fluctuate and so will your invested dollars. When it comes to your retirement account, you should not touch it until you retire! Give it time.
    - Pay yourself first, give your money time to work and have the courage to spend less than what you make so that you will always have money to enjoy life and obtain the things you dream about!