

# Preparing for Your First Rule #1 Investment

What You Need to Know About Opening a Brokerage Account



In order to buy and sell stocks, **you'll need a brokerage account.** This account allows a broker to sell and purchase, on your behalf, to other people willing to give or take the same stock.

## The Main Brokerage Accounts

& What Ones You Should Be Using



### Full Service & Discount

- ✓ Brokers offer personal guidance
- ✗ Not practicing Rule #1 investing
- ✗ Charge fees for their time as well as their trade commissions
- ✓ Service available in person or over the phone



### Online Brokers

- ✓ Do it yourself approach online
- ✓ Open an account and buy into wonderful businesses you like
- ✓ Commission fees by Trade or by Share (less expensive)
- ✓ Service available online or over the phone



## So, Which Online Broker Should You Use?

There are many good options out there and it would be helpful to search "Online Broker Ratings" on your favorite search engine to compare pros and cons for each, and read testimonials from other users.

No matter which type of brokerage account you choose to use, there are some questions you should have them address to help you on your way.

### What Questions **Should You Ask?**

Here are some basic questions you will want answers for:

- ✓ What will your trading and commission fees be?
- ✓ What types of accounts will you be offered?
- ✓ What minimums will you be required to have in accounts?
- ✓ What interest rates will they pay for cash accounts?
- ✓ What kind of banking amenities will you be offered?
- ✓ Will they restrict, in any way, what you can buy?

### What Information will you need to Open a Brokerage Account?

- ✓ Social Security or Tax ID Number
- ✓ Drivers License or other ID
- ✓ Address
- ✓ Employment Information
- ✓ Annual Income and Net Worth
- ✓ Date of Birth

## Set Up and Next Steps

Opening an online brokerage account is like opening up a banking account. Choose your favorite, fill out the forms, and deposit the minimum balance required (typically \$100 - \$2,500).

Once your account is open, you will need to choose the type of account you'd like.

**Most Rule #1 investors are best-suited to use an IRA,** but every online broker has someone who can help talk you through the best account for you, as well as how to roll any funds from another account into your desired account.

Note that each retirement account has a limit of how much you can contribute tax-free, so this may impact how you decide to invest, and with what dollar amount.

## Do You Have Enough Money To Start Investing?

*In most cases you can invest with \$500.* What's more important is to make sure you completely understand the company you are investing in. Rule #1 can help you find stocks that match YOUR values so that you can make an impact on this world **while making great returns at the same time.**



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# RULE