FYI Investing, Updated 7/20/24
www.ChanChuckwow.com

9 Simple Money Rules All on 1 Index Card > Video

Short Answer

1) Open a Roth IRA (individual retirement account) at your current bank via phone call, website or going in to a branch (note: there are income limits)
2) Select the Vanguard S&P 500 ETF exchange-traded fund (symbol "VOO") as your investment (reason: diversified, low .030% expense ratio, no sales commision/fees aka "front-end load/back-end load"; be wary if your banker/anyone pressures you into a high fee investment)
3) Auto-invest by linking your checking/savings account to transfer $XX each month into the Roth IRA. (Auto-investing $500/mo x 12 mo = $6,000/yr, the 2021 maximum Roth IRA contribution limit for people under 50. Even if you can only do $50/mo = $600/yr, any amount will multiply over time due to the magic of compound interest.)

- Bank of America's Merrill 888-637-3343 Open an Investment Account
- Chase's JP Morgan 800-392-5749 Open an Investing Account
- Citibank 877-357-3399 Investing with Citi
- Schwab 888-403-9000 Open an IRA (my referral link https://bit.ly/31rYltj)

Long Answer:

1) Additional Resources

Videos

- Daily Consistency = Massive Results: THE COMPOUND EFFECT by Darren Hardy | Core Message
- HOW TO RETIRE AT AGE 30 (& Live Off Your Investments)
- Schwab vs Fidelity vs Vanguard (DETAILED REVIEW)
- Chan's YouTube Channel

Websites

- Moneychimp: Stock Market Investing, Online Calculators, Valuation Models, and more.
- Financial Independence, Retire Early (FIRE) Definition and FIRE movement
- www.ChanChuckwow.com

Books

- The Automatic Millionaire
- The Index Card
- The Bogleheads' Guide to Investing

- The Compound Effect

2) Have three baskets: Savings, Regular Investments, Retirement Investments
    a) **Savings** (ie money you unexpectedly would need within the next 1 - 3 years)
        i) Aim to have enough Savings to cover up to X months of unemployment. Examples:
            (1) If your previous job paid $60k/yr (= $5k/mo) then plan 6 mo to get an equivalent $60k/yr new job, so goal is $30k Savings (= 6 mo x $5k/mo absent wages)
            (2) If your last employment was $30k/yr ($2.5k/mo) then plan 3 mo to get a similar paying job, thus aim for $7.5k Savings (= 3 mo x $2.5k/mo lost income)
        ii) When tapping into your Savings for emergencies (eg unforeseen car/house repairs), focus on building up your Savings again. Savings do not have to be 100% cash, but should be liquid assets.
    b) **Regular Investments** (if you're in your 20s and may need it within the next 3 - 30+ yrs): Regular brokerage account ideally you would not need to withdraw/spend money from before retirement. Could still use it to help buy a house (typically property is an appreciating asset), paying educational expenses (increases earnings power and personal-capital worth) or other expenditures that will ultimately improve your net worth. Remember: the sooner you would need the money, the safer/more conservative investment you'd want to reduce the chance of substantial losses and being limited in time for a full recovery.
    c) **Retirement Investments** (won't need it for 30+ yrs): IRS tax-advantaged, via tax-free growth and/or tax-free withdrawal, purely for expenditures once you reach the IRS minimum age limit (eg 59 ½) to qualify for all tax benefits. Examples: (Roth) 401k, Traditional/Roth IRA and HSA (health savings account).
    d) In your Regular Investments and/or Retirement Investments a fund heavy in stocks is generally the best way to grow your assets over time:
        i) Target Retirement Funds are well-diversified and automatically, regularly re-balances their holdings so the risk/return ratio adjusts based on when you expect to need the money. Example is if you're 20ish now: Vanguard Target Retirement 2065 Inv (VLXX)
        ii) If a target retirement fund is too conservative, a higher risk/higher reward path is a low cost (eg ≤ .030% expense ratio) S&P 500 fund eg Vanguard S&P 500 ETF (VOO)

iii) Even greater potential for high returns (and high losses) are more aggressive funds (eg QQQ), buying individual stocks (eg GOOG), and so on.

3) KISS (Keep It Stupid Simple) Steps:
   a) Pay yourself first. As much as you can, set up direct deposit/auto-deductions/whatever so on payday (or asap thereafter) it automatically moves money from your paycheck/checking account in to your Savings, Regular Investment and Retirement Investment baskets. Aim to save X% in to your Savings+Regular Investments+Retirement Investments and over time increase the X% to XX% in savings.
      i) Max out your job's 401k, if you can. If you can't max it out at least put in enough to get your company's matches.
      ii) Max out a Roth or Traditional IRA, currently $6k/yr if you're sub-50.
   b) Track your net worth so you know it's increasing each year (option: Personal Capital).
   c) Live below your means. Have a budget so you know where your money is going (option: Mint) and not overspending.
   d) Time in the market is better than timing the market. The stock market fell ~50% during the Great Recession (2008 - 2009) and dropped ~30% in the Covid bear market (March 2020). People trying to time the market usually hurt their total returns by going in/out of stocks/markets based on guesswork/gut-feeling. Stock market drops (which occur regularly and can transpire over numerous months) are actually good times to add to investments to benefit from DCA (dollar-cost averaging). Minimize how frequently you check on your portfolio, perhaps just once a year during tax season and to confirm your contributions are on track.
   e) Diversification helps with balancing risk vs rewards/return. Stocks can be value/growth, small/medium/large capitalizations, different sectors/industries (eg tech vs financials) and so on. There's bonds, gold/materials, cryptocurrencies, etc. Diversify and regularly (eg once a year) re-balance your investments to weather different assets fluctuating up and down at different times. Example: 80% broad-market fund, 10% individual stocks, 5% bonds, 5% crypto.

4) Alternatives to investing thru your bank
   a) Vanguard 877-662-7447 Move Money
   b) Fidelity 800-343-3548 Open an Account with Fidelity
   - Then you can invest in Fidelity's 0% expense ratio mutual funds
   c) T. Rowe Price 855-434-9918 Open an Account

d) Firstrade, E-Trade, SoFi, Betterment, M1. I do not recommend RobinHood because of their shady practices on blocking GameStop stock purchases in January 2021.

FYI: For Your Information (Finance)

a) FYI Bank Accounts
b) FYI Investing
c) FYI Credit Cards
d) FYI Credit Card Retention Bonus
e) FYI Budgeting
f) FYI SoFi
g) FYI Military Retirement

YMMV: Your Mileage May Vary (Travelling)

a) YMMV Budget Travel
b) YMMV Travel Safety
c) YMMV OneBag Travel
d) YMMV US Road Tripping
e) YMMV Language Learning
f) YMMV Languages

MISC: Miscellaneous

a) MISC Reading List
b) MISC Cool Music Videos