

Investing 101

Stocks



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Introduction

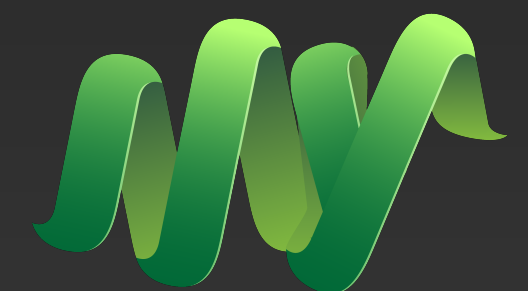
When people talk about investing, they are usually talking about trading or investing in stocks. In this course, we will cover exactly what stocks are and how they can help you grow your money.



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What are stocks?

- Stocks represent ownership in a company. When you invest money in the stock of a company, you become a shareholder which gives you the right to vote on things like board members.
- Stocks are represented as ticker symbols like AAPL for Apple or TSLA for Tesla and referred to as shares. The person who owns the most shares has controlling power of a company.



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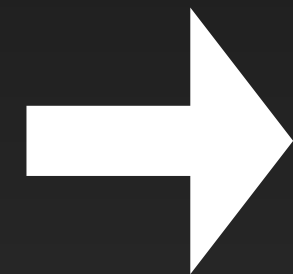
What are stocks?

- Stocks always have three numbers: the current price of the stock, the increase (or decrease) in dollars from the given period and the increase (or decrease) in percentage from the given period.



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Current Price



121.42 +1.29 (+1.07%)

Increase
Amount in
Dollars



Increase
Amount in
Percentage



How do stocks make money?

- Stock prices increase when there are a lot of people buying shares. Stock prices decrease when there are a lot of people selling shares. (Note: When you sell shares, it takes up to 48 hours for the cash to be available.)
- The amount of shares traded is what is known as volume. Some people solely use this activity as their trading technique. We will touch on volume in another course.



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What are dividends?

- There are also stocks that pay you just for owning the shares. These are called dividend stocks. You decide if the dividend is paid in either cash to your account or re-invested into buying more shares. The dividend amount is based on a percentage of the stock price and generally paid quarterly. Each dividend amount and date paid will vary per stock.
- You also have to own the stock before what is called the *ex-dividend date* to be entitled to the dividend. You can't purchase a stock the day before the dividend is set to be paid out and receive it.



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What is the difference between trading and investing?

- Trading is actively buying and selling shares of the same stock within a short period of time. This is anything less than a year.
- Investing is buying shares and holding for a minimum of a year.
Technically, a stock trader is an investor but being an investor does not automatically equal being a trader. We will touch on trading techniques in another course.



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How do you buy and sell stocks?

- In order to buy and sell stocks, you have to have a brokerage or a retirement account. Both can usually be set up through your bank or through companies called brokerages.
- Retirement accounts have special rules that we will touch on in a separate course so let's explore brokerage accounts.



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What is a brokerage account?

- A brokerage account is a fancy way of saying an account that can buy stocks, bonds and other investments. There are cash accounts and margin accounts. Margin basically means part of your buying power is credit from whoever you have your account through.
- There are **a lot** of requirements to maintain a margin account that we discuss in future courses. Trading with margin is very risky.



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Next Steps

- 1) Look up some brands and companies you like or are familiar with to see if they are publicly traded.
- 2) Look up their competitors to compare stock prices.
- 3) Look up stocks that give dividends.



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Be sure to check out our other courses!



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