TEAM RED
money

Help your money work harder

Our newest member of Team Red, financial smarty-pants Nicole Lapin, is here to help supercharge your bank account. First up: investing.

> Nicole Lapin is a former CNBC and CNN anchor and the author of *Rich Bitch: A Simple 12-Step Plan for Getting Your Financial Life Together... Finally*.

I didn't grow up with *The Wall Street Journal* on the kitchen table. There was no talk about stocks or bonds... ever. As part of an immigrant family, I was raised thinking that stashing your cash under your mattress—literally—was safest.

Then, when I was 18, I got a job on the floor of the Chicago Mercantile Exchange. I felt like a foreigner in my own country: The language of investing was one I'd never heard before, much less spoken. But the amazing thing about languages is that once you are immersed, you learn them quickly. And now that I'm fluent in investment-speak, I can tell you—it's just not that difficult.

Here's why you should care about investing: Hiding your savings under a mattress is ridiculous. You actually lose money. I'm not saying a robber will come and steal it, but a little thing called "inflation" will. You know as well as I do that $5 doesn't mean as much as it did 20 years ago. Savings accounts aren't much better: You might make 1 percent interest, but inflation's about 3 percent. You're *still* losing money.

Investing is a long-term way to grow your money, so here's how to get to it (in plain English!).

KNOW IF YOU CAN AFFORD IT. Do you have $500 to $2,500 to invest? That's in addition to a retirement plan with about 10 percent of your income going to it, a three-to-six-month emergency fund, and no debt (or a manageable timeline for debts like student loans or a mortgage). Remember, this is *extra* money, and investing has some inherent risk. But if you are thinking long-term—like more than five years—it can really pay off.

CHOOSE AN INVESTMENT. "But I know nothing about stocks!" you say. I beg to differ. Have you been to the mall lately? If there's a brand you love, probably a lot of other people do too. You and I drive sales—and thus profits and stocks. So I like to invest by paying attention to which stores are busiest, the amount and array of goods, and the customer service, then buying into those companies. It pays to see what other people are saying about the brand too; I read about stocks on themotleyfool.com. Or you can leave the picking to the pros and invest in an "index fund," a term for a bunch of different stocks that are meant to rise and fall more like the market does as a whole. They're a safer choice and have low annual fees but less potential for a rock-star return.

MAKE A TRADE. There are two options for getting into the game. Discount brokerages, like E*Trade, TD Ameritrade, or Fidelity, are typically do-it-yourself operations. They cost around $4 to $5 per trade. At full-service brokerages, like Morgan Stanley, Merrill Lynch, and Wells Fargo Advisors, a professional manages your account. They can charge $100 or more per trade, so you hope their expertise adds value. Either way, while it's fun to check in on your investments, don't obsess. You can always sell if you become unhappy with the company—but remember, we're in this for the long-term. *Your* long-term.

MASTER YOUR FINANCES!

Nicole will show you exactly how. Join her special three-week Live Rich club on REDBOOK's Facebook page. Starting April 1, she'll share lessons and challenges to get you to the life you want.

"Investing is *not* scary," Nicole promises.

BRECHT VANTHOF.