

Grow your hard-earned cash

Investing is one of the smartest things you can do for your finances. If you'd love to try it but don't know where to start, sit down with this guide from financial guru Nicole Lapin. It'll help you feel like a pro—a rich one.

MAYBE IT SOUNDS TOO GOOD TO BE TRUE, but you can double (even triple!) your money just by learning a few new words. I used to contribute only to an unmatched 401(k), but once I figured out about mutual funds and bonds, I realized I could be doing so much better. That 401(k) was barely keeping pace with inflation! Investing hadn't felt like an option for me—purely because I didn't know what it was. If you can speak the language, you can get in on the action. Let's start with "diversify your portfolio." All it means is that you should have a variety of investments, like stocks, bonds, or real estate, with different risk levels and rewards. See? Easy. Here's my two-step guide to raking in the returns, starting with some key terms you ought to understand.

1// Know your options

- **Bond:** When the government or a corporation needs to raise money for, say, a shiny new machine or a better bridge, it does so by selling bonds to the public. If you buy a bond, at the end of the bond's duration you'll get paid back the full value (or "principal") plus interest. Bonds are safer than stocks, but have lower earning potential.
- **Index fund:** An index is a group of stocks within a specific section of the market, like the S&P 500 (made up of 500 of America's largest stocks). Instead of buying each of these stocks individually, you can use a brokerage firm to invest in an index fund. Buying a share of an index fund gives you exposure to a sector of the market.
- **Mutual fund:** This is a ready-made portfolio of stocks and bonds that is a communal investment (a bunch of people pay into the fund to pool their buying power) and relatively easy to maintain. Mutual funds are operated by money managers, who shuffle assets to try for the biggest profits.
- **Exchange-traded fund:** This is like a mutual fund, but it can be D.I.Y. (no manager needed) and traded like a stock. You'll get exposure to stocks in multiple industries, like technology and energy, by buying just one ETF.

2// Manage your investments

Set a goal to ultimately invest 10 to 15 percent of your paycheck. These tech tools will help you monitor your portfolio and track what you're earning and spending.

- **Betterment:** This site sets you up with a portfolio of ETFs, and then the company's algorithms adjust your investments for optimal returns so you'll keep making money. *(Pay 0.25% of your account balance annually for a basic plan; betterment.com)*
- **Personal Capital:** A financial advisor from the firm helps you set investment goals; then a computer algorithm builds a diversified portfolio designed to get you where you want to go. *(Pay 0.49% to 0.89% of your account balance per year; personalcapital.com)*
- **E-Trade:** It's like filling out a bracket on a fantasy sports platform: E-Trade, like other brokerages such as Fidelity and Vanguard, lets you pick stocks, bonds, and mutual funds and monitor your investments. Your returns may vary, of course, but the important thing is you're in the game. *(Pay per trade; us.etrade.com)*

Nicole Lapin is the author of *Boss Bitch: A Simple 12-Step Plan to Take Charge of Your Career* and one of the stars of the nationally syndicated show *Hatched*.

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