How to invest money?

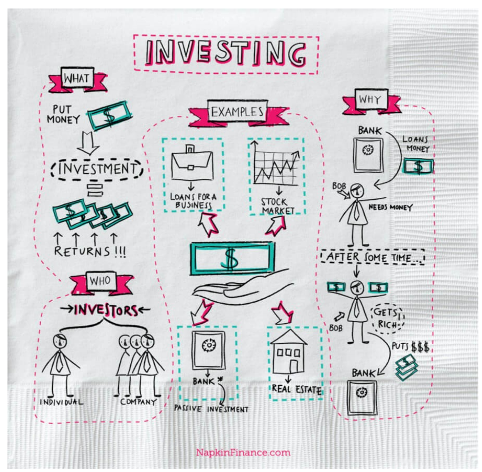
THE STOCK MARKET

The most common and arguably most beneficial place for an investor to put their money is into the stock market.

When you buy a stock, you will then own a small portion of the company you bought into.

When the company profits, they may pay you a portion of those profits in dividends based on how many shares of stock you own.

When the value of the company grows over time, so do the price of the shares you own, meaning that you can sell them at a later date for a profit.



SAVINGS ACCOUNTS

By far, the least risky way (and probably the worst way) to invest your money is to put it in a savings account and allow it to collect interest.However, as is usually the case, low risk means low returns. The risk when putting your money into a savings account is negligible, and typically, there are little to no retur

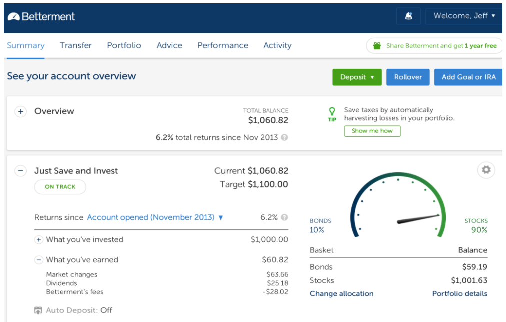
Still, savings acc...nts play a role in investing as they allow you to stockpile a risk-free sum of cash that you can use to purchase other investments or use in emergencies so you don’t touch your other investments.

BANK INVESTMENTS

To be sure, you won’t be able earn much money on your investments at the bank, at least not in the current investment environment. However, the advantage that banks offer is that you can invest very little money (in money market accounts or certificates of deposit), earn a little bit of interest on your money, and have virtually zero risk of principal loss.

Let me be honest, these are not the most exciting investments, but the best purpose for bank investments is to use them as a place to accumulate a larger amount of capital for higher risk/higher reward type investments later on.

Some of the investments in this list will require $500 or $1,000 to get started. While that is not a ton of money, if you are getting started with a smaller investment, your best bet might be to take your time to build up a little cash and expand your investment options.



There are a number of "robo advisors", online investment platforms that offer professional management of your portfolio with very low fees. One of the best for small investors is Betterment. You start by completing an online questionnaire that enables the site to determine what your risk tolerance is.

Based on that evaluation, a portfolio is created for you with an allocation that includes several different exchange traded funds (ETF). Because of this allocation, your only responsibility is to fund your account – there is no need to concern yourself with investment selection, or with re-balancing your investments.

Betterment investments actually hasn't no minimum initial account deposit requirement. You can open up an account by committing to monthly contributions of as little as $100. The annual management fee to maintain your account is 0.35% of your account balance, on accounts of less than $10,000. The management fee works on a sliding scale, and drops as your account balance grows.

Fundrise makes investing in real estate a breeze. This real estate investment trust allows you to invest in real estate without flipping houses or becoming a landlord. Fundrise is simple: your money is invested in real estate developments. Whenever they make money, you make money.

Just how much money, you might ask? Your returns will vary based on the project you invest in, but Fundrise investors garnered an average return over 11% last year, thanks to technology that pinpoints profitable real estate projects for you to invest in based on your goals.

Perhaps the best part of Fundrise is its low minimum. If you've ever tried your hand at real estate investing, you know that it isn't cheap. But Fundrise opens the door for investors who might not have thousands of dollars at their disposal. You can invest in Fundrise with as little as $500.

Prosper works much the same as Lending Club. You can invest as little as $25, so you can spread a few hundred dollars across many different loans. There is also a state-by-state minimum net worth requirement here as well.

Prosper reports that the average annual return on a note approaches 16%, which is an incredible return on a fixed rate investment.

In the case of both Prosper and Lending Club there is risk of loss to your principal in the event that one or more loans you're holding goes into default. There is no FDIC insurance protecting your investment the way it would with bank investments. .

Better known as *DRIPS,* these are plans that allow you to invest small amounts of money into stocks of companies that pay dividends. Many large companies offer DRIPS, so if you want to invest directly in stocks, and you like certain companies, you can invest in those companies – usually without having to pay any kind of investment fees.

DRIPS typically allow you to build your investment over time by making periodic contributions. Often, this can be done using payroll deductions. This can also be an excellent way to dollar cost average your way into large investments in major companies. And when you earn dividends, the money will automatically be reinvested to buy more company stock