

Exploring Traditional vs. Online Investing

About the Author



Neale Godfrey is a New York Times #1 Best Selling Author of 27 books on empowering families (and their kids) to take charge of their financial lives.



SOURCE: RESOURCES FOR LIVING WEBSITE

The world of investing has changed a lot over the years. There are still many investors who want to trade stocks the way they may have done for a long time: through a stockbroker. But there is now a new generation connected to their smartphones, and they expect buying and selling stock to be a click away, just the way they find restaurants or clothes or book a vacation. Let's explore both traditional and online investing, so you can get a better idea of what may best fit your needs.

Traditional Investing

Personal Touch

When we say traditional, we mean buying and selling stocks and other investments (like mutual funds and ETFs) by using a stockbroker.

If you work with a stockbroker, hopefully, they check in with you often to see how life is going, and they can talk to you about adjusting your portfolio accordingly. Maybe you were laid off or had a new child, or you or one of your loved ones are sick. Any of these life events may cause you to readjust your portfolio. It may be worth it to you to have a real person with whom to talk this all through and who can give you advice and counsel and even mentor you through what is going on. Your broker can be a valuable resource because they probably have access to research and a professional understanding of the market.

It's not their responsibility to pick up the phone to give you a heads-up, but they often will. All of these personal touches are not necessarily available online.

Your Goals

Personal stockbrokers offer just that – personal service. If they are doing their job, they should know you and have laid out your financial goals centered around your life and therefore have matched your portfolio with those goals. They also should have discussed your risk tolerance, as well.

Do Your Research

If you are in the process of researching brokers, then ask them questions, use the [FINRA BrokerCheck](#), and consider talking with a Money Coach for tools to help you make an informed decision – but more on that later.

Online Investing

How to Take Control

Online investing can be done via your computer or your smartphone. This type of investing gives you a chance to build your own portfolio. You may be able to execute buying and selling with a click. The biggest advantage is convenience. You can perform transactions from nearly anywhere and monitor your investments in real-time. It is also easy to make mistakes that can be costly if you don't know what you're doing.

Security

Safety is always a concern, and while nothing can guarantee full safety, most online trading sites use high-end encryption. Before settling on a particular investing platform, double-check that it has proper security protocols in place.

Research

Online investing may offer state-of-the-art research for no additional charges, but you have to read it and draw out the information that is of interest to you. More of this burden or responsibility will be on you than if you were working with a stockbroker who does the research for you.

Lower Fees

Online investing platforms tend to charge lower fees than a broker will charge, but compare and do your research. Additionally, you are the one that has to police scams and risky investments.

Can be Addictive

One of the things to consider when using online investing is exactly the ease of doing it. Buying and selling stock is a click away. It's fun, and fun may get you in trouble. Video games are fun; online gambling is fun...and these can be addictive. Understand your own personality and decide whether this is a good fit for you.