

MAKE IT COMPOUND

INVESTING

Investment Starter Guide

Open your first account, choose index funds, and start building wealth — step by step.

This guide walks you through everything you need to get your first investment account open and running. No jargon, no upsells — just a clear path from zero to invested.

01

Understand what you're investing for

Before picking any account, know your goal. Retirement in 30 years? A down payment in 5? Your timeline determines which account type and which funds make sense.

- Write down your goal and rough timeline.
 - Goals under 3 years → keep money in a high-yield savings account, not the market.
 - Goals 5+ years away are good candidates for investing.
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Choose the right account type

Account type determines your tax treatment — this matters more than almost anything else.

- 401(k) / 403(b): Employer plan. Contribute enough to get the full match — that's a 50–100% instant return.
 - Roth IRA: Pay tax now, withdraw in retirement tax-free. Best if you expect to earn more later.
 - Traditional IRA: Deduct contributions now, pay tax on withdrawal. Best if you're in a high bracket today.
 - Taxable brokerage: No tax advantages, but no limits or restrictions. Use after maxing tax-advantaged accounts.
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Open your account

Opening takes about 10 minutes. You'll need your Social Security number, a bank account for funding, and a government ID.

- Recommended brokerages: Fidelity, Vanguard, or Schwab — all zero-commission, no account minimums.
 - Choose "individual" account type for a taxable account, or the IRA type you selected.
 - Set up automatic transfers from your bank so you invest without thinking about it.
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Pick your first fund

You don't need to pick stocks. One or two index funds is a complete, low-cost portfolio.

- Total US Market fund (e.g. FSKAX, SWTSX, VTI) — one fund covers ~3,700 US companies.
 - Target Date Fund (e.g. "Target 2055") — auto-rebalances as you approach retirement. Choose the year closest to when you turn 65.
 - Expense ratio matters: aim for 0.10% or lower. A 1% fee costs you ~\$100,000 over 30 years on a \$100k portfolio.
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Set up automatic contributions

The single best investing habit: automate it so it happens before you can spend the money.

- Set a recurring transfer on payday — even \$50/month compounds to \$100k+ over 30 years at 8%.
 - Increase contributions by 1% each year, or whenever you get a raise.
 - 2025 contribution limits: IRA = \$7,000/year (\$8,000 if 50+). 401(k) = \$23,500/year.
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Stay the course

The hardest part isn't getting started — it's not panicking when markets drop.

- Market downturns are normal. The S&P; 500 has recovered from every single crash in history.
- Don't check your balance more than once a quarter.
- Rebalance once a year: if stocks outperform, sell some and buy more bonds to return to your target mix.
- Never try to time the market. Time IN the market beats timing the market every time.

2025 Account Contribution Limits

| Account | 2025 Limit | Catch-up (50+) | Tax Benefit |
|-----------------|------------|----------------|-------------------|
| 401(k) / 403(b) | \$23,500 | +\$7,500 | Pre-tax or Roth |
| Traditional IRA | \$7,000 | +\$1,000 | Pre-tax deduction |
| Roth IRA | \$7,000 | +\$1,000 | Tax-free growth |
| HSA (self) | \$4,300 | +\$1,000 | Triple tax-free |