

TAKING STOCK

If you've ever had a job or done chores to earn an allowance, you know that earning money is hard work. Wouldn't it be nice if that money could grow on its own by working hard for you? It can if you invest it.

Traders at work on the floor of the New York Stock Exchange, on Wall Street

When you invest, you buy a stock, bond, piece of property, or something else that you believe will grow in value. In general, the longer your money is invested, the more it will grow. That's why the best time to start is when you're young, says Avi Lele, CEO of Stockpile. His company lets investors buy stock through gift cards.

Growth separates investing from saving. If you save \$100 in a bank and it earns 1% interest, in 10 years, you'll have \$110. But the stock market has historically increased by an average of 10% a year. So, if you invest \$100 there, in 10 years, you'll have about \$200.

But there is **risk**. Money in the bank may not grow in value, but it won't lose value. Stocks

and other investments can lose money. Looking back over long periods of time, we see the stock market has gone up. But during shorter periods, it sometimes has gone down. For that reason, only invest money you will not need for at least five years. If you need that money sooner, you should put it somewhere safer, like a bank.

How Stocks Work

Companies—think Apple, Facebook, and Disney—need money to pay workers and produce products. One way they raise money is by selling pieces of their company, called shares or stocks, to the public. When you buy a stock, you become an owner, or a **shareholder**.

The stock market is like a store in which you can buy, sell, and trade stocks. Stock markets exist all over the world, but many investors in the U.S. use the New York Stock Exchange or the NASDAQ. If you're under 18, you need a parent or guardian to help you buy stocks.

Your goal is to buy stock, hold onto it while it grows, then sell it for a higher price. But individual stock prices change, so choosing stocks isn't easy. It's best to do research, says Lele. Start with companies whose products you know, then go online and read about their future plans. There are many opinions, so read several sources.

Consider Nintendo's stock price. Five years ago, one share

of Nintendo stock cost about \$21. But over time it fell to about \$12. The stock price dropped because its handheld gaming device didn't sell well during that period. But in the last year, Nintendo's stock price climbed to \$38. Why? Because Pokémon Go became a huge hit.

Lower Your Risk

It's smart to buy many types of stocks at the same time. Spreading your money out over many stocks lowers your risk. Even if one goes down, there's a good chance others will do better, says Rick Roman, founder of GiveAshare.com.

Are you ready to start investing?

—By Kelly Hultgren

POWER WORDS

risk: the possibility of loss

shareholder: someone who owns a part of a company or business

FAMILY CHALLENGE

Pick a stock.

Think of a company you'd like to buy a share in. Explain your reasoning to your family. Then go online to read about how the company is expected to do in the future. Do you still want to buy it? Why or why not?

How to Keep Track

It's good to keep a close eye on your investments and the stock market—both go up and down every day. Here are key pieces of information to pay attention to.

Apple Inc. (AAPL) [Add to watchlist](#)
 NasdaqGS - NasdaqGS Real Time Price. Currency in USD
107.40 -0.30 (-0.28%)
 As of 11:13 AM EDT. Market open.

Ticker symbol: The abbreviation used to identify a company's stock

Color coding: Green to show the stock grew in value; red to show the stock's value dropped

| Summary | Conversations | Statistics | Profile | Financials | Options | Holders | Historical Data | Analysts |
|---------------|-----------------|------------------|-----------------------------|------------|---------|---------|-----------------|----------|
| Open | 107.86 | Market Cap | 579.53B | | | | | |
| Prev Close | 107.70 | P/E Ratio (Ttm) | 12.54 | | | | | |
| Bid | 107.41 x 700 | Beta | 1.52 | | | | | |
| Ask | 107.42 x 2400 | Volume | 8,739,538 | | | | | |
| Day's Range | 107.28 - 108.00 | Avg Vol (3m) | 32,099,142 | | | | | |
| 52wk Range | 89.47 - 123.82 | Dividend & Yield | 2.28 (2.12%) | | | | | |
| 1y Target Est | 123.66 | Earnings Date | Oct 25, 2016 - Oct 31, 2016 | | | | | |

The close: The price the stock closed at the previous day

52-week high/low: The highest and lowest price the stock traded at during the previous year