Prepare to Invest

It's important to know what you want to accomplish with your investments before you actually invest. For example, you might want to purchase a home, fund a child's college education or build an adequate retirement nest egg. If you set financial goals at the outset—you are more likely to reach them.

You also want to get a handle on basic finances such as how much money is coming in and going out. This will help you control spending and manage debt. Most importantly, it will help you methodically save and invest, which is essential to building your net worth.

Use the information below to help you establish and meet your financial goals.

1. Introduction: Saving and Investing

People save and invest to have enough money at some point in the future to pay for the things they want or need. While you might hear these two terms used interchangeably, saving and investing are overlapping, yet distinct concepts that involve different processes. Stated most simply, saving is the act of putting aside for another day some of the money you earn or receive as gifts, while investing is what you do with those dollars, including choosing products and strategies to make money grow or to preserve the assets you've accumulated.

If you have specific financial goals that will cost money—such as purchasing a car or a home, paying for college or building a secure retirement—accumulating assets and building wealth through saving and investing are the keys to achieving those goals.

Saving for the Future

There are various ways to save. One way is to open one or more deposit accounts, such as a checking or savings account, in a bank or credit union—or what you'll sometimes hear described as a savings institution. Deposit accounts give you ready access to your money, and your account balances are typically insured by the federal government up to a set limit.

Insurance for bank accounts is provided by the Federal Deposit Insurance Corporation (FDIC), while insurance for credit union accounts is provided by National Credit Union Share Insurance Fund. The insurance currently protects individual, joint, business and trust accounts up to $250,000 for each depositor in a participating bank or credit union. As a result, when you put money into an insured bank or credit union account, you have a guaranty that you will not lose any of your money up to the $250,000 coverage amount—neither the amount you put in, which is your principal, nor the amount you earn in interest, if it is an interest bearing account. Retirement accounts in those same institutions are insured up to $250,000 for each depositor, provided all the money is in bank accounts. Amounts above the $250,000 coverage amount are not insured so you may want to consider using separate accounts if you plan on keeping larger amounts in bank or credit union accounts.

Another way to save is to purchase U.S. savings bonds either through an online account with Treasury Direct (www.treasurydirect.gov), at a bank or sometimes though a program where you work. Savings bonds are backed by the federal government, so your money is safe. While maturity dates differ depending on the type of bond you buy and when you buy it, most saving bonds continue to pay interest for at least 30 years from the date of issue. Series EE savings bonds pay a fixed rate of interest, while Series I savings bonds pay interest linked to the rate of inflation.

You can't cash a savings bond for a year after you purchase it, and you'll lose three months' interest if you cash it in within the first five years. After that, you can cash it any time without penalty and collect the interest that has accrued.

Earning Interest

Every savings institution tells you the interest rate it is paying, expressed as both a nominal, or named, rate and an annual percentage yield (APY). If the APY is larger than the nominal rate, even by a little bit, that means the interest is paid more frequently than once a year, and that the interest earnings are added to the principal (or amount on deposit) each time they are paid. This process, called compounding, creates a bigger base on which future earnings can accumulate.

Banks and other financial institutions use a complex formula to calculate how interest compounds over the years. But you don't have to be a math whiz to see how your money can grow. The Rule of 72 is a shorthand way to figure out how many years it will take for compounding to double your money at a particular interest rate. What you do is divide the interest rate you're earning into 72.

For example, let's say you have $1,000 and you want to know how long it will take to double your money. If you earn 6 percent interest each year on your account, you divide 72 by 6:

72 ÷ 6 (representing 6 percent interest) = 12 (years to double your money)

At the end of 12 years, you will have just over $2,000 in your account.

Remember, this illustration only focuses on the impact of compounding on your initial deposit of $1,000—and does not take into account any additional deposits you might make over time. If you were to deposit $100 each year to your account, it would take only six years for you to have $2,000.

The true magic of compound interest is that you earn interest not only on your principal, but also on the interest you accumulate each year.

Learning About Bank Products

Savings institutions offer different types of accounts, sometimes described as bank products, which pay different interest rates. In general, the higher the rate paid on an account, the more limitations there are on access to your money. These are the most common types of accounts:

- **Basic savings accounts** usually pay interest at a lower rate than other bank offerings, though some institutions may pay higher than average rates, especially when they are competing for customers. You can withdraw or make additional deposits any time you like.

- **Money market deposit accounts** usually pay a somewhat higher rate than basic accounts, but typically limit the number of withdrawals or transfers you can make each month. These accounts may impose fees or stop paying interest, or both, if your balance falls below a certain minimum.

- **Certificates of deposit** (CDs) pay the highest rates, but require you to leave your money in the account for a specific term, or period of time, to earn interest. If you take your money out before the CD matures, or reaches full term, you may forfeit some or all of the interest you expected to earn. Generally, the longer a CD's term, the higher the rate of interest it pays.

Seeking Growth Through Investing

If you are willing to take a certain amount of risk with the money you have saved, you can use it to make investments that you expect to be worth more in the future or to pay you regular income over time at a rate higher than you usually can earn on a bank account—or both.

Two of the key ways in which investments differ from savings accounts are: (1) investments are not insured by the federal government and can lose value; and (2) investment earnings are not guaranteed. If you choose your investments carefully and if the financial markets perform in your favor, your return—or what you get back on the amount you invest—can be higher, sometimes much higher, than you could earn on an insured savings account.

Higher expected returns are accompanied by risk. By investing, you take the risk that the investments you choose may not live up to your expectations, or that troubles in the marketplace may depress investment prices. You can have a loss if you sell your investment for less than you paid for it. In a worst-case scenario, your investment might lose all its value. You can limit your risk, however, by not putting all your eggs in one basket and by choosing a mix of different types of investments, which is called diversification.

While there are many things of value that you might choose to buy because you expect them to provide a profit, the term *investment* is usually used to describe products that are traded in an organized and regulated marketplace. The most common investment types include:

- **Stocks**, or equity securities, which give you ownership shares in a company.
- **Bonds**, or debt securities, which promise (but usually don't guarantee) repayment of the money you invest plus interest for the use of that money.
- **Mutual funds and exchange-traded funds** (ETFs), which are pooled investment vehicles that invest in stocks, bonds or other financial instruments.
- **Cash equivalents**, which include U.S. Treasury bills and other short-term interest-paying investments, such as money market mutual funds (as opposed to money market deposit accounts at a bank).

2. Create a Budget—and Pay Yourself

The first step to responsible saving and investing is getting a handle on your expenses. Calculating your monthly cash flow will help you evaluate your present financial status, so you know where you stand financially as you prepare to invest. Unexciting as it sounds, the best way to do so is to write down what you and others in your family earn, and what your monthly expenses are.

Begin by looking at your monthly net income—the money you take home every month after taxes. This includes your salary and other steady and reliable sources of income, such as income from a second job, child support or alimony that you receive, or Social Security. If you already own some investments, you may be receiving dividend or interest payments; factor that amount into income, too.

Then calculate your average monthly expenses. These include your rent or mortgage, car lease or loan, personal loan, credit card and child support or alimony payments. Also include money for groceries, utilities, transportation and insurance. Don't forget money that you spend on items that are "discretionary," rather than necessary—for example, cable television subscriptions, gym fees, clothing, gifts, and the like.

Average your actual expenses over a three month period to come up with a reliable monthly estimate for your total expenses. Subtract your monthly expense figure from your monthly net income to determine your leftover cash supply. If the result is a negative cash flow, that is, if you spend more than you earn, you'll need to look for ways to cut back on your expenses. Similarly, if the result is a positive cash flow, but your spending nearly equals your earnings, it might be too soon to start investing right now. By identifying and eliminating unnecessary extra spending, you might find that you have more resources than you previously thought.

If you are spending all your income (or worse, spending more than you make by running up debt) and never have money to put away, you'll need to find ways to reduce your expenses or make additional money. This generally requires making some tough choices such as cutting back on dining out or foregoing nice-to-have extras such as a new car or a family vacation—or it may mean taking a second job.

To free up money for saving and investing, it's sometimes helpful to segment current and planned expenses into those that are essential (needs) and those that are non-essential (wants). For example, buying a crib for a new baby is essential, but cable TV is not.

Manage Your Debt

Most people carry debt in one form or another, and you may be one of them. Your debts, also called liabilities, can include the mortgage on your home, loans for automobiles or education expenses and, of course, credit card balances. Virtually all of these debts come with an obligation to pay monthly interest on the balance you still owe. As you prepare to invest, take stock of your current debts and try to pay them down. The less money you put towards paying off outstanding debts and interest charges, the more you will have to save and invest for your future.

If you use a credit card to make purchases, you should know that they have advantages and disadvantages. If you spend within your means and pay off your balance on time—and in full—each month, credit cards can serve as a safe and convenient substitute for cash. And there is the added bonus that they can help you establish and maintain a solid credit history. But if you use them to purchase items you couldn't otherwise afford—or max out your cards to cover routine monthly expenses—credit cards can quickly compound your debt and hurt your credit score.

Few money-management strategies pay off as well as, or with less risk than, paying off all high interest debt you may have. Let's say you have a $3,000 balance on a credit card that charges 18 percent APR and requires a minimum payment of $75 each month. Assuming you charge nothing else, it will take you 222 months—nearly 19 years—to pay off your debt! In addition, the total amount you pay for that $3,000 charge will be $6,923.17—over double the amount of your initial charge—an amount that you could have saved or invested. If you can't pay off credit card debt immediately, work out a structured plan to pay off the balance as quickly as possible. You'll save money in the long run.

You pay the very highest rates if you are borrowing money through so-called “payday lenders.” If a payday lender’s rate sounds reasonable, that is likely because it is being quoted for a very short period—sometimes just a few days—rather than at the actual annual rate that a bank would have to disclose.

Once you have paid off your credit cards and any high-interest, short-term loans, you can create a budget that includes money to save and invest. That will allow you to chart a course to financial security. To get started, consider adopting this healthy practice: Pay yourself something each month when you pay your household bills. A desirable number to shoot for is a personal savings rate of 10 percent—but if that amount isn’t realistic for you at the start, don’t be discouraged. Any positive savings goal is better than allowing consumer or credit card debt to mount.

3. Set Your Financial Goals

Most people invest to achieve specific financial goals. Some of these goals are widely shared. For example, many people want to own their own home and send their children or grandchildren to college. And there's an almost universal desire to retire comfortably, with the reasonable expectation that they will have adequate income for as long as they need it.

To accomplish your goals, you have to be clear on the answers to four key questions: What are your goals? What will they cost? When do you want to achieve each goal? And how much risk can you tolerate?

Just as in other aspects of your life, setting financial goals is a tried-and-true way to reach those goals. You can create a list of your financial goals on your own or you can work with an investment professional who has experience in this area. To make the most of this exercise, assign each of your financial goals a price tag and a time frame. Then, identify the kinds of savings and investing strategies that may be appropriate for meeting your goals.

One advantage of working with an investment professional is that he or she may provide the encouragement you need to move from thinking about your goals to actually listing them out, and taking steps to achieve them. While everyone's circumstances are a little bit different, there are essentially four steps to creating a strategy for meeting your goals that will work for just about every person and situation:

1. Identify your most important short-, medium- and long-term financial goals.
2. Estimate how much each of your goals will likely cost.
3. Set up separate savings or investment accounts for each of your major goals.
4. Choose investments suited to meeting each of your goals based on your time frame and your tolerance for risk.

It's relatively easy to anticipate the costs of short-term goals, since they probably won't be significantly different from what they are today. Estimating the costs of goals that are further in the future, especially major ones like the cost of college or retirement, can be a bit trickier. For goals that are more than a few years away, you also need to consider the impact of inflation on your assets—something you can figure out using an online calculator. Historically, inflation has averaged about 3 percent per year. And the costs of tuition at both public and private colleges typically rise even faster. That means you'll have to earn enough on your investments to offset these rising costs.

Set a Time Frame for Your Financial Goals

It's important to know the "when" of your financial goals, because investing for short-term goals differs from investing for long-term goals: Your investment strategy will vary depending on how long you can keep your money invested. Most goals fit into one of the three categories below—short-term, medium-term and long-term.

Short-Term Goals (less than three years). The closer you get to your goal, the less risk you generally want to take with the money you've already accumulated to pay for it. Because you plan to spend the money you set aside for short-term goals relatively quickly, you'll want to focus on safety and liquidity rather than growth in your short-term portfolio. This means you'll be more inclined to put your money into federally insured bank or credit union accounts or cash equivalent investments, which aren't likely to lose much value in six months or a year. Liquid investments are those you can sell easily with little or no loss of value, such as Treasury bills, money market accounts and funds, and other low-risk investments that pay interest. If those investments have maturity dates, the terms are very short. For example, T-bills have maturity dates of 13 or 26 weeks.

You may also want to consider alternatives that don't impose potential penalties or fees for accessing your money before a maturity date. For example, a five-year CD might be safe, but the early withdrawal penalty is likely to cut into the money you are counting on for a short-term goal such as a down payment on a home you want to buy next year or a tuition payment that's due next January.

Cash investments typically pay lower interest rates than longer-term bonds—sometimes not enough to outpace inflation over the long term. But since you plan to use the money relatively quickly, inflation shouldn't have much of an impact on your purchasing power. And keep in mind that some cash investments offer the added security of government insurance, such as bank money market accounts and CDs, which are both insured by the Federal Deposit Insurance Corporation.

Mid-Term Goals (three to ten years). Choosing the right investments for mid-term goals can be more complex than choosing them for short- or long-term goals. That's because you need to strike an effective balance between protecting the assets you've worked hard to accumulate while achieving the growth that can help you build your assets and offset inflation.

Mid-term goals are typically those for which you need time to accumulate the money. Or they may be things you're not yet ready for but are looking forward to. The more time you have, or the more flexible the timing, the more risk you can probably afford to take with your money. For example, you might want to invest some of your assets in stocks, either directly or through mutual funds or exchange-traded funds, because of the potential for a higher return that would allow you to reach your goals sooner. As the time frame for those goals gets shorter, you can gradually move some of those assets into more price-stable investments.

Long-Term Goals (more than ten years). For many people, the number one long-term goal is a financially secure retirement. But it's also a goal with a long time horizon. When your goal is paying for college, for example, you think in terms of paying costs for four years—or perhaps a few more for a post-graduate or professional degree. But when you think about retirement, you have to think in terms of managing expenses for 15, 20, 30, or maybe even 40 years that you'll be living after retirement. Since you'll need income for that entire period, it is important to make your money work for you, and this means earning a rate of return that outpaces inflation and allows your principal investment to grow over time.

The general rule is that the more time you have to reach a financial goal, the more investment risk you can afford to take. For many investors, that can mean allocating most of the principal you set aside for long-term goals to growth investments, such as individual stock, stock mutual funds, and stock exchange traded funds (ETFs). Over time, you can gradually shift a greater percentage of your accumulated account value into income-producing investments such as bonds.

While past performance is no guarantee of future results, historical returns consistently show that a well-diversified stock portfolio can be the most rewarding over the long term. It's true that over shorter periods—say less than 10 years—investing heavily in stock can lead to portfolio volatility and even to losses. But when you have 15 years or more to meet your goals, you have a good chance of being able to ride out market downturns and watch short-term losses eventually be offset by future gains.

In addition, some investors successfully build the value of their long-term portfolios buying and selling bonds to take advantage of increases in market value that may result from investor demand. Others diversify into real estate or real estate investment trusts (REITs). The larger your portfolio and the more comfortable you are making investment decisions, the more flexible you can be. As you begin thinking seriously about what your goals are, you'll want to be specific about your time frame for meeting them.

Keep in mind that no goal is short-, medium-, or long-term forever, and so the timetable for your financial goals will evolve over time. For instance, retirement will be a long-term goal when you're 35, but will probably be a short-term goal when you're 65. Similarly, paying for your child's higher education will be a long-term goal when she's a baby, but a short-term goal when she's a high-school sophomore. So your investing approach—and your choice of investments—will need to evolve as you draw closer to each of your goals.

As your priorities or life circumstances change, you may also find that you want to delay certain goals by a year or two, while others you may want to try to meet sooner. And some—such as a second car that you were planning to buy or an expensive family trip—you may decide to forego altogether. It's important to stay flexible and adapt your timetable to your changing needs and priorities.

Considering Risk and Return

Because virtually every investment carries some degree of risk, it is critical that you assess your tolerance for risk. If you are the sort of person who will lie awake at night worrying about your investments if you put most of your money in the stock market, then you might want to consider balancing your portfolio with lower-risk investments, such as Treasury bills, highly rated bonds or other lower risk investments.

Should you decide to adopt a low-risk investing strategy, be aware that cash, cash equivalents and traditionally low-risk investments tend to have lower rates of return that are commensurate with their risk level. As a result, while you might be able to protect your principal from loss, you run the risk that your investment returns will not keep pace with inflation.

Historically, stocks have provided the best returns over the long-term, but their year-to-year fluctuations make them riskier than long- and short-term bonds or cash and cash equivalents.

If you are investing for the long term—for example, you are investing for retirement and have no plans to retire for many years—you stand a good chance of riding out the market's short-term fluctuations and reaping the higher returns that stocks and stock mutual funds can offer. On the other hand, if you are very close to retirement age, you cannot afford to have your entire retirement portfolio take a tumble. So in that case, it may be better to hold a portfolio consisting of less risky investments.

4. Establish an Emergency Fund

Emergencies happen. A roof needs replacing. People are injured in accidents. Employers lay off workers. If something unexpected happens to you, will you have the money you need to pay the repair bills or see you through weeks or even months of being out of work?

Insurance is one way to protect yourself against certain situations—such as a fire in your home or the unexpected death of a breadwinner—that can substantially impact your finances. Health insurance is essential because there is always the risk you'll be injured or become ill, and disability insurance can fill the gap if you're injured or ill and can't work. But even the best insurance doesn't protect you against every financial problem you may encounter.

If you have access to credit, through a credit card or line of credit, you may be able to tap that resource in a pinch, even though you will probably owe a substantial amount of interest on the money you borrow. Sooner or later, you'll also have to repay the principal.

As you prepare to invest, it's important to set aside some money—about the equivalent of 3 to 6 months' of living expenses—in an emergency fund —or more if you are the sole support for yourself or you have dependents.

The best place for your emergency fund is in a liquid (easily accessible) account. A liquid account might be a regular savings account at a bank or credit union that provides some return on your deposit, and from which your funds can still be withdrawn at any time without penalty.

Using six-months of salary as a guideline for how much you'll need to save, estimate how long it will take you to build up a fund to that level if you put 10 percent of your earnings away every time you're paid. If you can't afford 10 percent, you can make it 5 percent and add any unexpected money you receive, such as a gift, until you reach your goal. Then leave that money untouched unless you actually face a financial emergency.

To earn a slightly higher interest rate, some people choose a CD for their emergency fund, or a series of CDs of approximately equal value, with one maturing every six months or every year. This approach is called laddering. You can roll over the CDs as they mature, to keep your ladder intact. The loss of interest you face for taking money out early may motivate you to keep your fund intact. But in a real emergency, the interest you may lose is a small price to pay for having the money you need. And if you have to spend any of the money, you should plan to replace it.

You might also consider buying U.S. Treasury bills with some of your emergency fund money. They, too, can be timed to mature on a regular schedule and, like CDs, they tend to pay more interest that a simple savings account. And while they aren't bank products, they are backed by the federal government. That means there is no risk of losing principal if you hold them to maturity. And because they have very short terms, like 4 weeks, 13 weeks or 26 weeks, they usually don't expose you to either inflation risk or interest rate risk.

Other options for an emergency fund include money market mutual funds. A money market mutual fund is a mutual fund that must, by law, invest in low-risk securities, such as government securities and CDs. Compared with other types of mutual funds, money market funds are highly liquid, low-risk securities. Unlike money market deposit accounts that you can open a bank, money market funds are not federally insured. While they are intended to pay dividends that are comparable to prevailing short-term interest rates, money market funds can lose value.

5. Choose Investments Wisely

Once you've identified your goals, estimated their cost and determined when you'll need the money, it's time to decide which combination of savings accounts and investments is appropriate for you. Part of this challenge is that most people plan and invest for a variety of goals—some short term, some mid-term and some long term—all at the same time. One possible solution to this dilemma is to consider establishing a separate account for each goal to make it easier to select and manage your investments. That way, you can treat the money you're saving for a down payment on a home differently from the contributions you make to an individual retirement account (IRA) or a college savings fund.

If you work with an investment professional to set your goals and take steps to reach them, he or she should be able to help you identify the types of investments that are most appropriate for different time frames. An experienced investment professional ought to know the spectrum of alternatives that are available to you, how different investment choices work and the risks and returns you should be prepared for if you choose a particular investment. But ultimately you will need to know what you own and why. You cannot make an informed choice about an investment without asking probing questions about its features, risks and costs—and you should not invest in something you don't understand, no matter who recommends it to you.

If you take the lead yourself, you should be prepared to spend time learning about various investments and the markets in which you buy and sell them. You should think about whether the investments you're considering are or are not appropriate at this point in your life. The more you know about your investment choices, the more likely it is you'll make decisions that are right for you.

Regardless of whether you select investments on your own or seek professional advice, you should be aware that you pay fees and expenses with virtually all financial products and services. Those costs, which reduce your investments' returns, are generally documented — for example, in a required disclosure document, such as a mutual fund prospectus, or in a brokerage firm's schedule of fees and commissions. It's important to find out what those costs are and compare the total expense with the expected returns, as well as the costs of other, similar investments.

Keeping an Eye on the Big Picture

Setting investment goals and making investment choices is just the beginning. You'll also want to learn as much as you can about how to evaluate potential investments and keep track of the progress you're making toward accumulating the money you need to reach your financial goals. That doesn't necessarily require checking your account every day, but it does mean that you should keep an eye on whether the value of your portfolio is increasing from month to month and year to year. It often pays to take a long-term perspective on investing and not be too hasty to switch investments based on short-term results.

But if your investments aren't delivering the results you had anticipated over a period of time, especially if the financial markets as a whole are doing well, you should be prepared to seek alternatives.

You'll also want to keep in mind the passage of time. What you initially considered to be long-term goals can become mid-term and short-term goals very quickly. That requires rethinking how your money is invested and whether you should begin to make some changes.

In addition, while some goals are flexible and can be postponed, others have specific dates. For example, many students begin college at 17 or 18, and need money for tuition at that point, not several years in the future. Other goals are more flexible. You can often wait to buy a home or postpone retiring from your job if that extra time will make it more affordable.

You also have to be prepared for surprises. For example, many people retire earlier than they had planned because their employer downsizes or a company closes its doors.

6. Practice Good Habits

Good habits pay off in many areas of life, and practicing good savings and investing habits is no exception. Sometimes, a single action can create a continuing habit. For example, if you contribute as much as possible to an employer-sponsored retirement plan where you work—or if you have money transferred directly each month from your checking account to one or more savings and investment accounts—then you've established the habit of paying yourself automatically. Not only does that eliminate the risk that you will forget to save or invest regularly, but you also might find that you never miss that money because it comes out of your paycheck before you can spend it. In fact, you might ultimately decide it makes sense to do the bulk of your saving and investing this way.

Remember, too, that if you cash out the money in a tax-deferred retirement account—such as a traditional individual retirement account (IRA) or 401(k)—before you reach age 59 ½, you will owe taxes and probably penalties. That's an added incentive not to touch the money even when you might be able to withdraw it.

You should also consider:

1. reinvesting all the interest, dividends or distributions you earn on your existing investments, which happens automatically with tax-deferred accounts;
2. earmarking a percentage of all gifts, bonuses and unexpected income to your investment accounts;
3. paying your credit card bills in full each month and investing the money you had been spending on finance charges;
4. budgeting a specific percentage of your income for investing; and
5. making sure that the amount your employer withholds for taxes is neither too much nor too little—the average refund is more than $2,000—and put the difference in your investment account throughout the year.

It's often wise to open a special account to hold the money you are accumulating specifically to buy investments. That might be a money market mutual fund or other cash account with your brokerage firm so that you can easily transfer the money needed to pay for the purchase of a stock, bond, mutual fund or other investment. Similarly, proceeds from investments you sell and any dividends or interest from investments you've already made can be rolled into that account, where they will be available to cover new purchases.

If you invest directly with a mutual fund company, you can set up a similar arrangement. You might use the fund company's money market fund to hold your cash, and then transfer it into a stock, bond or other mutual fund when you have enough cash to meet any investment minimum. Once you've purchased a money market fund with the mutual fund company, you can then arrange for a regular direct deposit from your paycheck—or an automatic transfer from a bank account—to your account. The amount required for additional deposits is almost always less than the minimum to purchase a fund.

Whether you open an account at a brokerage firm or with a mutual fund company or both, be sure to ask about any account maintenance and transaction fees that may apply.

Finally, it is important to check your account statements—from every bank, brokerage firm, mutual fund company, credit card company or other financial institution you do business with—to confirm that all of your transactions are accurately reflected. If you detect an error, be sure to contact your financial institution right away. And, for your investments, be sure to monitor your portfolio performance on a regular basis to make sure that you maximize your returns over time.