GET IN THERE: YOUR GUIDE TO TALKING INVESTMENTS IN ANY SOCIAL SITUATION

Beth Braverman | October 22, 2018

Whether you know everything there is to know about investing or are just learning the basics, you've come to the right place.

We've all been there: You're having a great time at a friend's dinner party when the conversation turns to investing.

You tune out and start checking your phone, or you excuse yourself to hit the ladies' room. You feel like you don't really understand investing enough to participate, and you don't want to sound stupid in front of your friends.

More than eight in 10 millennial women don't invest, and three-quarters of them say it's because they find investing confusing, according to a recent study by Stash. That means that women are missing out not only on dinner party conversations, but also on something way more important: The financial benefits of investments.

While it may seem overwhelming, there's nothing to fear when it comes to investing—or when it comes to talking about it. The sooner you get started, the less foreign the investing world will seem to you. "For a lot of women, it's the experience, versus the education, that will give them the knowledge that they seek," says Lynn Ballou, a Certified Financial Planner and regional director of EP Wealth Advisors in Lafayette, California. "Just start small, and don't overthink it."

Here's a guide to what those dinner party conversations mean, how they relate to your money and how you can—and should—jump in.

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What you might hear: I'm shifting more money from fixed income to equities.
What it means: They're moving their money from investments in bonds (fixed income) or portions of a company's debt, to stocks (equities) or shares of individual companies.
What you need to know: You want a portfolio that's diversified, or contains both stocks and bonds, as well as potential other asset classes, or types of investments. Having a diversified portfolio protects you against losses, since it's unlikely that all asset classes will lose their value at the same time.
What you should say: "Are you excited about the market and the economy or are you more worried about interest rates and bonds?"

BULL VS. BEAR MARKET

What you might hear: I think this bull market might be over soon.
What it means: They think that the stocks are going to continue going up in value overall (bull market). A bear market is when stocks prices are moving in a downward trend.
What you need to know: Whether we're in a bull or a bear market doesn't matter when you're investing for the long term. While stocks can (and will) go up and down quite a bit in the short-term, they historically increase in value over the long term.
Take advantage of that by systematically contributing to your long-term investments on a regular basis, not matter whether their value is going up or down in the short term. You'll purchase fewer shares when stock prices are high, but get more when they're low, a strategy known as dollar-cost averaging. "Time in the market is way more important than timing the market," Ballou says.
What you should say: "What makes you so bearish on the market?"

XYZ IS GOING TO IPO?

What you might hear: I can't wait for XYZ company to IPO.
What it means: They're looking forward to buying shares in a private company during its initial public offering (IPO) when begins selling shares to the public and gets listed on the stock exchange.
What you need to know: Buying individual stocks is risky. For beginner investors, a safer way to get started is to purchase low-cost mutual funds or exchange-traded funds, which allow you to own portions of many shares at once. "If you have a broadly diverse portfolio, that reduces the risk when an individual stock goes through its regular ups and downs," says Carla Dearing, CEO of SUM180, an online financial wellness site that aims to make financial planning simple and affordable.
What you should say: "Hey, me too, but I'm hesitant to buy the IPO because the hype can artificially drive the price up in the short term and then the price drops—remember … Zynga? "

OH, THEY'VE GOT A BROKER

What you might hear: I've got to call my broker about that.
What it means: They need to call the person who buys and sells stocks on their behalf, also known as a broker.
What you need to know: Beginner investors don't always need to spend the extra money required to have a pricey professional monitoring their investments.
"You can get started, even without knowing a lot about investing, by working with a trusted, reputable, low-cost provider," says Dearing.

A good place to start is via your retirement plan at work (especially if your company offers a match on investments). If your company doesn't offer a 401(k), you can open your own retirement account, such as an IRA or a Roth IRA, with a discount brokerage like Vanguard or Fidelity.
They'll have online tools to help you figure out the right investments for you, often a target-date fund, which aligns your investments with your time horizon and automatically adjusts as that date gets closer.
What you should say: "I'm lucky my company offers great guidance for my 401(k), so I don't have to pay fees for a broker right now."

BOTTOM LINE

Whether you know everything there is to know about investing or are just learning the basics, you've come to the right place.

Creating a long-term investing strategy starts with learning the basics, and the best way to do that is to just get started. It's OK to learn as you go, but the sooner you begin, the more time you have for your money to grow. As Ballou says, "Time in the market is way more important than timing the market."

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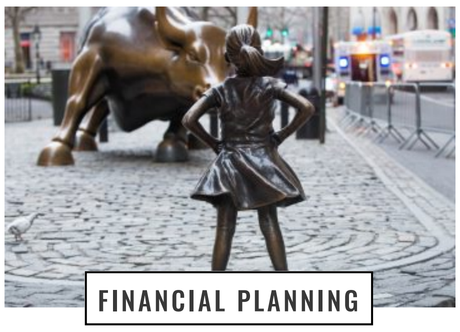

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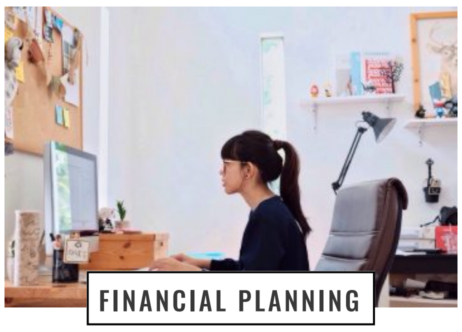

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