



DRiP Investing: Helping Beginners Get a Foot in the Door

Are you one of those nay-sayers who feels its simply impossible to save on the meager salary you bring home each month? Do you picture those with portfolios balanced in stocks and bonds as suits-draped Wall Street gurus glued to their Ameritrade account on a daily basis, trading and balancing risk each morning? Think again.

Investing can be easy on just \$50 per month, and when you place your money in Blue-Chip stocks, or those well established and financially sound, you can earn a higher return than any bank or savings and loan can offer.

While day trading can be lucrative if you're a finance expert and know what you're doing, buy-and-hold investing is typically the safest and most passive investment method available for the general public. When you buy and hold, you purchase stock in a company for the long-run, or for more than five years. Once purchased, you can let the market fluctuate up and down without worrying about its impact on your stocks. After all, most Blue-Chip stocks go up in value at a predictable rate over the long haul.

One of the easiest ways to get into the stock market on a low budget is through DRiP investing, short for Dividend Reinvestment Program. Many DRiPs let you purchase shares directly from the company via an Optional Cash Purchase Plan or Stock Purchase Plan for as little as \$50. You can opt for a one-time, periodic or

ongoing investment, helping you slowly build up a high-return nest egg.

To start a DRiP, most of us need to make our first share purchase through a brokerage firm (i.e. Morgan Stanley/Dean Witter, Schwab, A.G. Edwards, etc.). Just give them a call and purchase one share in a company you've already researched and found to offer a DRiP and Optional Cash Purchase plan. It takes a few months to receive your first statement. When you get your statement in the mail, it should have instructions on establishing a one-time or ongoing transfer from your checking account for incremental shares. (If it doesn't just call the transfer agent.) Once established, you're well on your way to building a solid, cost-effective portfolio.

For more information on Dividend Reinvestment Plans or to research companies offering Optional Cash Purchase Plans, search Dividend Reinvestment Plan on wikipedia.org or your favorite search engine.

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