

# [Guest Post] I only have \$200 a month to invest, here's what I do with it.

I am surprised to learn that millennials are actually pretty good at [saving money](#).

At times, the media can paint a picture of millennials as naive, buried in debt, and lacking common sense. This might be true for some 20 somethings, but millennials are [saving](#) anywhere from 5%-10% of their salaries.

Only recently have I been able to start saving money for my retirement. I am learning there **isn't a one size fits all** answer for where you should be investing your money but the challenge of "*figuring it out*" is exciting to me.

I should probably put in the standard disclaimer that the following opinions don't constitute as financial advice and you should always consult with someone who specializes in finances before doing any investing.

I am getting ahead of myself.

Let me back up really quick, I feel it's important to give you a peek inside my financial situation so you can better understand my motivations.

I have been out of college for nearly 3 years and I have managed to rack up a good chunk of debt. I am married and merged my debt with my wife's. All totaled we have \$130k+ in student loan and credit card debt.

Like many millennials, we pay way too much in rent and eat out too often. Therefore, we generally make our loan's minimum payment each month and try to figure out the rest.

I work for a small company who just shed its startup identity. But I certainly don't have the perks of a corporate job (401k match, stock options, health benefits, etc).

My wife on the other hand does. We take a good portion of our paychecks and contribute to her 401k and are working on finding ways to build up our savings.

That being said, if you have \$0 in student loans, and you have a company that matches your 401k up to 8%, this post will do little for you.

However, if you are like me and have an extra \$100-\$200 bucks kicking around at the end of the month **what do you do with it?**

The first thing I did was open an IRA (***[GYFG here; I recommend TD Ameritrade; you can invest in over 100 ETF's commission free including Vanguard's VTI](#)***)

Nearly every piece of financial advice I have read recommends opening an IRA (if you don't have access to an employer matched 401k that is).

Because of the tax savings and roth vs traditional options it makes complete sense for someone getting their feet wet with investing. New to IRAs? [Read more about them here.](#)

I foolishly Googled companies that would help you set up an IRA and signed up for the top result (Northwestern Mutual). I called them, met with a financial planner and within a week had funded my Roth IRA with \$250 to open the account and set up an ACH deposit for \$150 every month.

I knew very little about what I was doing, except that I WANTED to feel good about saving some money.

I didn't login to that IRA account for nearly 9 months and when I did I was confused...

I had been losing money nearly every month.

Between a poor performing fund (it was targeted at 9% growth) and all of the management fees I wasn't even close to making money on my investment ([Post: mutual funds are stealing your money](#)).

Now before you yell at me, I know that it takes time and I shouldn't watch my account each month expecting to get rich. I didn't take the money out of the account, I am still funding it, but I can't help but feel powerless and uneasy.

I decided I would rather start learning how to direct my own investments

Enter [Betterment.com](https://www.betterment.com)

A banner advertisement for Betterment. On the left, it says "Betterment is the largest automated investing service" in blue and "Get up to 6 months free" in black. In the center is a circular graphic with a blue segment labeled "60 Stocks" and a green segment labeled "40 Bonds". On the right is the Betterment logo with the tagline "INVESTING MADE BETTER" and a green button that says "Invest now >".

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I first learned about Betterment while reading personal finance blogs and seeing their ads pop up.

Betterment is a service that allows you to invest in ETFs (Exchange Traded Funds) and allows you to pay a fraction of the fees associated with traditional brokers and financial firms.

Here's how Betterment works..

- You open an account with Betterment.
- You tell them if you want it set up as a Roth or Traditional IRA.
- You download their mobile app.
- You can either set up auto-pay or just fund the account whenever you'd like.
- Betterment will ask some questions to find out what type of risk is right for you.
- Betterment invests your money into **Vanguard's ETFs**.
- You can customize the mix of stocks to bonds that are invested.
- You pay a fee based on a [sliding scale](#) of how much you have invested.

There are the numerous reasons why I decided to go with Betterment but the main reason is how easy it is to use and manage.

I fund my account with \$50 each month, but if I have a few dollars laying around I can simply transfer it to my Betterment account. The app let's me see how much money I have invested, where it's going (which ETFs), and how it is performing.

### **Why not just invest in Vanguard's ETF myself?**

If you are hip to ETFs you may view Betterment as an unnecessary middleman. It is true if you go to Vanguard directly and open an account, you can fund an IRA using their ETF for less then what Betterment charges in fees.

Call me crazy, but the ease of signing up through Betterment and their app's

experience hooked me.

There is a lot more to Betterment and I suggest you check them out if you are interested in starting an [account](#).

The whole idea of an ETF is to mirror the stock market. As of writing this I have made 6.3% on the money I have invested in Betterment.com and paid a couple cents for them to manage it for me.

Am I getting filthy rich? Not really, but it's better than that money sitting in my account and being used to buy beer and another hat that I don't really need.

The BIGGEST reason why I love Betterment is I feel like I have more control over my investing without having to pick a fund and pay someone to manage it. I can look over the course of the last 5 years and see the ETFs I am investing in generally do well.

I have peace of mind knowing that the money I put into the app can be tracked and managed without a bunch of profits being gobbled up in fees.

So now that I have a taste of IRAs I wanted to up my risk adversity.

The best thing about learning how to invest your money at a young age is you are able to take on more risk than someone who is closer to retirement.

I am not a day trader by any means. But after reading dozens of blog posts and watching CNBC every morning I was tempted to try my new found knowledge in the stock market.

The only thing holding me back were the fees associated with buying and selling stocks. Some brokers like E-Trade want between \$7 - \$10 to buy **AND** sell stock. This was way too rich for my blood. I was only expecting to buy a share of Starbucks or Apple here and there after all (I know you get free trades when you sign up but that's besides the point).

I'm not sure if it's a millennial thing, but I am not a big fan of paying fees where I don't see value. But with a couple quick Google searches I found a new app called [Robinhood](#) which let's you trade for free.

Now, I want to be upfront and clear about my reasons for going with Robinhood. I

simply wanted to toss a couple hundred bucks into an account and buy a few blue chip stocks to have skin in the game and be personally invested

There is a reason why Robinhood doesn't charge fees to trade like traditional brokers. Without going into too many details it comes down to this. Robinhood has created an app (iOS and Android with Desktop coming soon) that allows you to buy shares of stocks, they have removed a lot of the traditional overhead when running a brokerage and pass on the savings to the customer. Robinhood instead makes money on the interest of the unfunded money in your account. The app interface is beautiful, simple, and intuitive which makes investing incredibly easy for a first timer.

**However**, there are not a ton of options like you would see at an industry leading broker. You can't buy commodities and you don't get a ton of sophisticated analytical software built in that will help you analyze a stock price.

But for me...

**I didn't need or want any of that.**

*(Protip the best FREE software tool I have found for analyzing stock prices is [StockFlare.com](http://StockFlare.com))*

Sure, if I get way more advanced in my trading I might outgrow [Robinhood](#), but for now it let's me put some money in play and learn more about the market, how I feel about investing in stocks, and let's me see my money grow.

There is growing concern out there that Robinhood makes it too easy for people to throw a bunch of money into the stock market without fully realizing what they are doing...

**And this is a valid concern.**

That is why I use both Betterment and Robinhood in tandem.

Betterment is ideal for helping you target the returns you want to see and putting them in a fund that is built to create somewhat predictable growth.

Robinhood let's you play with the big boys but doesn't cost an arm and leg to to it (plus the app really is well designed).

What's my end goal with all of this?

A large part of me investing with Betterment and Robinhood is to learn. It's really easy to read blog posts all day that suggest what you should be doing with your money. But when you go to do it you aren't 100% sure if it's the best choice for you and you say "maybe someday I will invest".

I have rejected that fear of not knowing what I should be doing and have taken the plunge.

I don't plan on retiring off the money I invest today, but the knowledge I am building will help me make sound financial decisions as I continue to invest more of my paychecks.

If you are in a similar position as me, here is what I would suggest...

- Research more about ETFs and IRAs.
- Fund an account that you believe in and doesn't require a lot of management fees.
- Set up monthly deposits.
- Take a leap of faith and invest in yourself.

If you use Betterment or Robinhood let me know what you like and don't like about them in the comments below. I am always curious to hear others opinions of services I use.

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## **About Alex**

Alex is on a journey of personal growth and development. He loves reading, writing, coding, and asking himself tough questions. He blogs at [growthandpurpose.com](https://growthandpurpose.com) about his personal growth and personal finance journey and is in the process of releasing himself from the pressure of future expectations.

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## Gen Y Finance Guy

**Hey, I'm Dom** - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)