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6 Rules Any Investor Should Follow, From Beginners to Pros

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- **Investing can feel overwhelming if you're not sure where to start. But even if you have some experience, you can always improve your strategy.**

- **Diversifying your retirement investments, checking your emotions, and building an emergency fund in case you lose money in the market are all important investing rules.**
- **Using a robo-adviser like Betterment or Wealthfront can help you diversify your investment portfolio, too, and make growing your money easy.**

Many of us may have learned more about space travel than buying stocks - and we pay for this lack of knowledge when we miss out on the returns investing can bring.

For instance, less than half of millennials are putting their money in the stock market, according to Gallup. But that market is one of the surest ways to accumulate wealth over time.

Meanwhile, some people in older generations are working longer than they'd planned. So it's important to have an effective investing strategy for the short and long term.

These investing rules can help you get started in investing, or grow your money if you're already an investment pro.

Have more than one retirement account

If you're keeping all your retirement investments in one place, you may want to expand.

"It's really good to mix your buckets," explains Victoria Bogner, a certified financial planner and CEO of Affinity Financial Advisorsin Lawrence, Kansas.

For instance, if you're putting pre-tax funds into a 401(k), you also can contribute after-tax dollars to a Roth IRA, if you qualify. And with 401(k)s coming with annual contribution limits (to the tune of $19,000 in 2019), Roth IRAs let you sock away up to $6,000 more.

The bottom line: When you retire, it can be helpful to have a mix of pre-tax and after-tax funds, especially when you're required to make withdrawals when you reach age 70 1/2.

No matter where you invest your money, build an emergency fund

Equities can go up and down, and no one can time their performance. So avoid investing money you might need soon into stocks and use it to build yourself an emergency fund instead. You don't want to go into unnecessary debt to pay for an unexpected expense, for instance.

Putting your emergency-fund money into a high-yield savings account to help it grow is a smart idea, too. With some online banks offering more than 2% interest, now is the time to sign up.

Check your emotions at the door

You can't be emotional with the market. Period.

That means you shouldn't feel like you need to immediately sell when your portfolio fluctuates. And you should keep an overall strategy in mind.

"Nobody knows if they're going to beat the market over the long term. Quit trying to time the market," says certified financial planner Patti B. Black, partner at Bridgeworth, LLC, a registered investment advisor in Birmingham, Alabama.

"What really shoots investors in the foot is emotional investing," Bogner says. "Over the past 20 years, the average investor return is 1.9% compared to the S&P 500's 5.6% return. That's worse than inflation! And the simple reason is that investors buy high and sell low. The opportunity cost of trying to time the market far outweighs the cost of staying invested during a bear market."

You don't need a lot of money to start investing — just *start investing*

If you have even a little extra cash, you can invest it as early as … now. You can buy into the market with a few bucks with sites like Betterment and Wealthfront, two robo-advisers that will invest your money in low-cost funds based on your goals and desired level of risk.

The bottom line: A few dollars are a fine start. You may decide to open a brokerage account and make trades yourself (often for a small fee per trade). Or do automatic transfers to investment accounts.

If you're just starting with US-based investments, buying index funds is completely fine, explains Bogner. Even smaller buys can add up over time.

"Just think about how grateful your future self will be," Bogner adds.

Set up a brokerage account today with help from Vanguard:

Diversify your portfolio

If you think you have a good mix, you could be wrong. In addition to having different types of retirement accounts, it's important to diversify your other investments.

For instance, a new study from the University of British Columbia (UBC) in Vancouver, Canada found that less-experienced investors are failing to diversify their stocks, which means they could be putting themselves at serious financial risk.

And it’s not enough to invest in different companies. For instance, “An amateur investor might buy stocks in lumber, mining, oil, and banks and believe they are diversifying because they’re investing in different companies and sectors,” notes David Hardisty, study co-author and assistant professor at UBC Sauder, in a written release.

“But because all of those equities tend to move in unison, it can be quite risky, because all the assets can potentially plunge at the same time.”

Your move? Determine how your portfolio stacks up. “For true diversification, you need to allocate across different asset classes that show their correlations are actually close to zero or negative,” Bogner explains. “Treasury bonds, [institutional] real estate, and gold are a few examples of assets that are not closely correlated or even negatively correlated to stocks.”

For help diversifying, you can talk to a certified professional.

If you want to invest in global markets, consult a pro

“We’re in a global economy,” says Black, noting markets outside of the United States can be worthy of attention. There are, however, some things to know first.

“I wouldn’t want anyone putting a large piece of their investments in an overseas fund,” says Black, in part because these funds can be volatile. It also can be difficult to know which investment to choose.

But there can be upsides to investing in markets like those in India and Brazil, Black notes, because of the potential for growth.

If you’re interested in this avenue, both Black and Bogner suggest consulting a certified professional. Because of the required research, and potential volatility, this is one sector that’s worth leaving to the pros.

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