

Unit Four: The Work of a Stock Broker



CompareCards.com
Compare. Pick. Save.™

DISCLAIMER: The information contained in this document is solely for educational purposes. CompareCards.com, owned by Iron Horse Holdings LLC is not a registered investment advisor or broker/dealer. Readers are advised that the material contained herein should be used solely for informational purposes. CompareCards.com does not purport to tell or suggest which investment securities readers should buy or sell for themselves.

What Is a Stock Broker

A **stock broker** is a person who can buy and sell stocks for you.

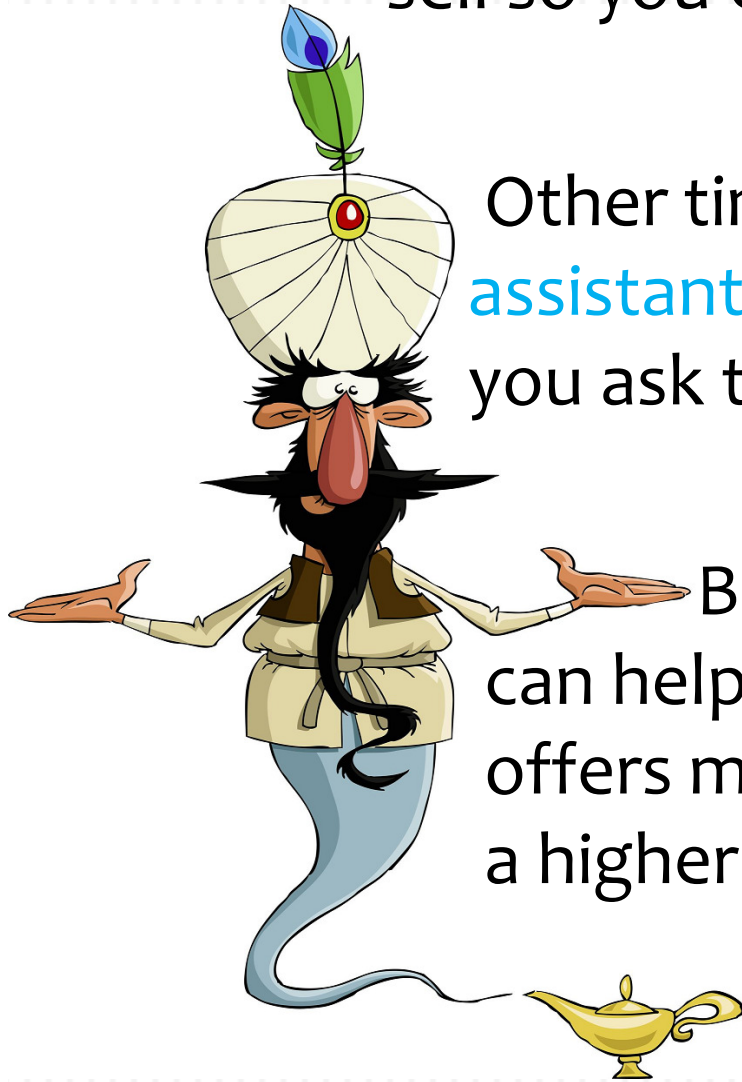


If you cannot be at a stock exchange to do this work on your own, your broker will act on your behalf. You do not have to use a broker to trade in the stock market, but most investors do.

Sometimes stock brokers are **financial advisors**. They give you advice about what to buy and sell so you can make the best decisions.



Other times stock brokers are **assistants**. They only do what you ask them to do.



Both types of stock brokers can help you invest your money. One just offers more help than the other – usually at a higher cost.

The Cost of Using a Stock Broker

Working with a stock broker can be very convenient, but costs money through various fees. That money will lower the amount of profit you can make from your stocks.

Most stock brokers charge a commission fee per share of stock they buy, sell, or trade for you. The average commission is \$15 per trade.



How to Choose a Stock Broker



If you decide to work with a stock broker, here are some traits to watch out for:

- ❑ **Experience:** The longer a stock broker has been working, the more he or she is likely to know about the market.
- ❑ **Availability:** Some stock brokers work full time, and others trade as a side job. Look for someone who is going to be accessible when you need them.
- ❑ **Helpfulness:** If you need help making decisions about your stocks, make sure you find a broker who will provide objective advice.

- ❑ **Cost:** Some stock brokers charge more for their services than others. You have to find one that will help you without eating up all your profits.
- ❑ **Work history:** What kinds of clients has your broker had in the past? How did their stocks do? Look over someone's work history before hiring him to be your broker.
- ❑ **Specialties:** Certain brokers only work with certain types of stocks. If there is one sector of the stock market that you really want to invest in, find someone who can help you do that.

Try it for yourself!



Want to see what it's like to be a stock broker? Give it a try! Elect a couple people in your class to act as stock brokers, and then let them do the buying and selling on the [Stock Market Game](#) online.

If you want to make a pretend stock exchange in your classroom, you can do that too. Just set up a couple companies to invest in and pick some share prices to start off with. Then let the stock brokers buy and trade different stocks to see how much money they can help other people make.