

Investing Literacy: Stocks & ETFs — Workbook

This workbook turns the course into action. Each section matches a course module and mixes reflection exercises, fill-in worksheets, and checklists that lead you all the way to placing a diversified first trade. It is educational only and is not personalized financial advice; confirm current rules and your own situation before investing real money.

How the Stock Market Actually Works

Cement the core vocabulary and prove you can read a real quote and an index.

Exercise: Translate the Jargon

In your own words, without copying the course, explain each term to an imaginary friend who has never invested. Keep each answer to two sentences.

- What is a share of stock, and what are the two ways it can make you money?

- What is the difference between the bid, the ask, and the spread on a quote?

- Why does a stock price move during the day if no central authority sets it?

- What does the S&P 500 measure, and why is it not the same as the whole world market?

Worksheet: Read a Live Quote

Look up one large stock (for example AAPL or MSFT) and one S&P 500 ETF (VOO or IVV) on your broker or a free finance site during market hours, then record what you see.

Ticker symbol

Exchange (NYSE or Nasdaq)

Current price

Bid price

Ask price

Bid-ask spread in cents

Day's high and low

One thing that surprised you

Checklist: Foundations Mastered

- I can explain what owning a share means in one sentence
- I can name the two major United States exchanges
- I can read a bid, ask, and spread on a quote
- I can name the three major indexes and what each tracks
- I understand the S&P 500 is United States-only and large-company-only

Index Funds and ETFs Explained

Practice comparing real funds on structure and, above all, on cost.

Worksheet: Fund Cost Comparison

Pick three S&P 500 or total-market funds (for example FXAIX, VOO, and one active fund your broker shows). Look up each fact sheet and fill in the row. Then compute the annual cost on a 25,000 dollar position as expense ratio times 25,000.

Fund name and ticker

Index or strategy it follows

Expense ratio (percent)

Mutual fund or ETF

Minimum investment

Load or no-load

Annual cost on 25,000 dollars

Which is cheapest and by how much

Exercise: Index Fund or ETF for Me

Decide which structure fits your situation and justify it. There is no single right answer; the goal is a reasoned choice.

- Will you invest a fixed dollar amount automatically each month, or place trades yourself?

- Is this money going in a taxable account or a retirement account?

- Do you want to start with less than the price of one share using fractional shares?

- Based on those answers, will you choose an index mutual fund or an ETF, and why?

Checklist: Cost Literacy Check

- I found the expense ratio on a real fund fact sheet
- I converted an expense ratio into a dollar cost on a position
- I confirmed at least one fund is no-load
- I checked an ETF's average volume and spread

I can state why a 1 percent fee is expensive over 30 years

Brokerage Accounts and Getting Set Up

Choose a broker, pick the right account wrapper, and prepare to open it.

Worksheet: Compare Two Brokers

Choose two reputable brokers (for example Fidelity, Schwab, or Vanguard) and fill in this comparison from their websites before deciding.

Broker name

Commission on online stock and ETF trades

Account minimum to open

Fractional shares offered (yes or no)

SIPC member (yes or no)

Are my chosen funds available

App and support quality (your rating 1 to 5)

Your pick and one-line reason

Exercise: Choose Your Account Wrapper

Work through the beginner order of operations to decide where your next dollar should go. Confirm current contribution limits before acting.

- Does your employer offer a 401(k) match you are not fully capturing?
- Are you eligible for a Roth IRA, and would tax-free growth help you given your age?
- Do you have an emergency fund in cash and high-interest debt under control first?
- Which account will you open first, and what is your reasoning?

Checklist: Account-Opening Readiness

- I have my Social Security or tax ID number ready
- I have a government photo ID ready
- I have my bank routing and account numbers ready
- I decided which account type to open
- I planned my first deposit amount via ACH transfer
- I will enable two-factor authentication immediately

Diversification and Your First Investment

Design a diversified portfolio and rehearse placing your first order.

Worksheet: Design Your Starter Portfolio

Choose a model (one-, two-, or three-fund) and set target percentages that sum to 100. Then convert to dollars for your planned first deposit.

Model chosen (one, two, or three fund)

Stock percentage versus bond percentage

Fund 1 ticker and target percent

Fund 2 ticker and target percent

Fund 3 ticker and target percent

Total deposit amount in dollars

Dollar amount for each fund

How often you will rebalance

Exercise: Dry-Run Your First Trade

Open your broker's order ticket without submitting, or write out each field on paper, to rehearse placing a real order safely.

- Which ticker and how many shares (or what dollar amount) will you buy first?

- Will you use a market order or a limit order, and why?

- What time in force will you select, and what does it mean?

- After it fills, how will you confirm the shares are actually in your account?

Checklist: Stay-the-Course Commitments

- I set up or scheduled automatic recurring contributions
- I committed to dollar-cost averaging on a fixed schedule
- I wrote down that I will not react to daily headlines
- I will not try to time the market
- I set a yearly date to review and rebalance
- I confirmed this is education and considered a fee-only fiduciary if I need personal advice

Your Action Plan

1. Confirm your foundation is solid: emergency fund in cash and high-interest debt under control before investing.
2. Decide your account wrapper using the order of operations: 401(k) match, then IRA, then taxable.
3. Compare two reputable brokers on cost, minimums, fractional shares, and SIPC membership, then choose one.
4. Open the account online with your ID and bank details, and enable two-factor authentication right away.
5. Transfer a starting deposit by ACH and wait one to three business days for it to settle.
6. Pick a simple model portfolio (one-, two-, or three-fund) and write target percentages that sum to 100.
7. Verify each fund's expense ratio is low and that it is no-load before buying.
8. Place your first order using the correct order type, then confirm the shares appear in your positions.
9. Set up automatic recurring contributions to dollar-cost average going forward.
10. Schedule one annual date to review your allocation and rebalance back to your targets.

