

# EXPOSING THE MYTHS



## GETTING STARTED ONLINE?

Quiz: Are You Ready?

Getting Started Right:  
Signing-up for an Online  
Account

8 Things You Need  
to Know

Exposing the Myths

Online Broker Ratings

Check Out Your Broker/Advisor

Glossary

## ALREADY INVESTING ONLINE?

## INVESTING SIMULATOR CENTER

ABOUT IORC

## Debunking the Myths

Before you invest online, you need to know the facts about online investing. Below are the most commonly held myths in regards to online trading. Debunk the myth and learn the reality!



## Myths Vs. Reality



Place your cursor over the numbers to see the myth and the reality.

I'm going to make a killing investing online.

MYTH

Online investing isn't a surefire way to get rich.

In fact, research shows that the vast majority of [day traders](#) - the handful of online stock traders who are the busiest - lose money.

REALITY

Though online investing isn't for everybody, it can be a powerful tool for investors who are disciplined about research, make carefully reasoned decisions and maintain a balanced portfolio.

If I trade online, I can get in on all those high-flying [IPOs](#)!

MYTH

REALITY ▶▶

[Initial public offerings](#) consist of the shares of publicly traded companies that are being offered for the first time to investors. Because the price often rises rapidly in early trading, they are popular with many investors. Even though some online brokers are taking steps to get more IPO shares to individual investors, many investors will find it difficult or impossible to "get in on" a hot IPO in which they are interested. This is really a function of supply and demand -- a relatively small number of IPO shares and a big demand on the part of interested investors.

**The second I execute this trade, my shares will be purchased.**

◀◀ MYTH

Just because you click buy doesn't mean that your [stock](#) or [mutual fund](#) will be purchased at or even anywhere near that particular moment in time.

REALITY ▶▶

Sometimes -- particularly during heavy trading periods in the markets and as a result of computer problems -- your online order will be processed minutes or even hours later.

As a result, an order for stock at \$10 per share could go up (or down) by the time your purchase is actually executed.

A [limit order](#), which can be used to set a ceiling for what an investor is willing to pay for a stock, can be used to minimize this kind of uncertainty. Additionally, investors

may want to put a [stop-loss order](#) in place. A stop-loss order sets a sell price for a broker. When the security's price drops below this level, it is automatically sold.

**With my online account, I'll be able to buy and sell stocks at any hour of the day.**

◀ MYTH

It's true that you can access your online investment account at any hour.

You can even place buy/sell orders and receive confirmations at 3 a.m.

REALITY ▶

This does not mean, however, that those trades are executed immediately.

Any trades you institute after market hours will not be carried out until the market opens again.