

Title:

Full Service versus Discount Stock Brokers

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577

Summary:

Investing in the stock market has become more popular than ever. And especially since brokerage services now offer Internet transactions that can be placed from home, work, or from the local cyber café; individuals have begun investing for themselves without the help of a full-service broker

Keywords:

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Article Body:

Investing in the stock market has become more popular than ever. And especially since brokerage services now offer Internet transactions that can be placed from home, work, or from the local cyber café; individuals have begun investing for themselves without the help of a full-service broker. But many find that they either don't have the time to properly research their stock picks, or they lack the expertise needed to successfully trade the market. For those who want professional help, there are both full and discount service brokers.

The traditional full service stockbroker does more than simply buy and sell stocks for clients. A qualified full service broker will also act as a financial advisor, to help clients choose stocks that are appropriate for their particular needs and investment goals. For example, a full service broker may recommend steady, dependable stocks that pay a quarterly dividend to someone who is on a fixed retirement income. To a younger person trying to grow savings into a nest egg, a broker might take a more aggressive approach, and recommend stocks that carry more risk but also have more upside potential, like small companies in new and revolutionary technical industries. The full service broker will evaluate a person's entire financial situation, and then help pick stocks to enhance one's portfolio. Each time a stock is bought or sold, the broker also handles every detail of the actual transaction, by calling in the order and following up to ensure that it was properly executed. A full service broker is in charge of the day-to-day technical details of buying and selling, but is also a professional who gives stock market advice and educates customers about stock market strategies.

The discount broker, on the other hand, may be equally qualified, but does not

dispense any advice to customers. Even if the discount broker can see that a client could use some guidance and personal advice, he or she will refrain from playing that role and will only follow the client's orders to buy or sell specific stocks. In other words, these brokers will assist in doing the technical tasks involved in participating in the major stock exchanges - something that ordinary consumers can't do because it requires training, licensing, and certification. But if you are confident that you can make your own stock market decisions without anyone's oversight, a discount broker can execute your trades. Because they are not responsible for picking successful stocks for you, they don't charge as much money. A full service broker charges for doing research and giving professional advice, in addition to other brokerage duties. But a discount broker only charges for basic buying and selling services.

Discount brokers charge a fraction of what full service brokers charge, and they are a good and economical choice for those who prefer to do their own research and analysis of the stock market. But you don't have to limit yourself to one or the other. Many investors use both types of brokers. They may have part of their portfolio of investments under the care of a full service broker, and then trade other stocks on their own, through a discount broker.

Choose one - or one of each - for your own stock market transactions, and see which works best for you once all the fees are paid and you have a chance to evaluate the wisdom the stock picks made by your broker and by yourself.