

# Managing Your Money

## Emotional Investing And Social Media

(NAPS)—When it comes to gathering information to make an investment decision, investors have access to a variety of online information sources, from investment platforms to news and social media. No matter where you get your trading insights, know this: Where there is opportunity, there is also risk. Stock markets go up and they go down—and the steeper the rise or the fall, the easier it can be to derail a long-term strategy with a snap, emotionally driven decision.

Fortunately, you can use these tips to keep emotions in check.

**1. Be mindful.** Mindfulness can be helpful, even with investing. Before you make an investment decision, ask yourself whether an investment aligns with your financial goals. Small-dollar investments based on hype around a security might turn into big gains, but they can just as easily turn into big losses.

**2. Mitigate your risk.** Make sure your investment decision involves a level of risk you, not necessarily others, are comfortable with. Some people have the means to take risky bets, but many do not. Short-term trading in a volatile market carries significant risk of loss. Above all, if you seek short-term returns, don't sacrifice money you cannot afford to lose. Remember that diversification—spreading out your investments both across and within different asset classes—can help you manage your risk.

**3. Consider your source.** Some companies offer tools that analyze or aggregate information from social media sources to help investors make investment decisions. Depending on how it is presented, this social sentiment information—particularly real-time discussion platforms and buy/sell indicators driven by social sentiment—can lead to impulsive investment decisions, which can be a risky way to approach investing.

**4. Watch your wallet.** Some investors believe they can maximize investment returns by taking early withdrawals from retirement accounts or borrowing against their homes. Be aware that leveraging long-term assets for short-term gains can have significant consequences—from fees and taxes to risk of loss and more.



**It can be tempting to make emotionally driven investment decisions, particularly in volatile markets.**

**5. Understand the costs and risks of margin investing.** Trading in a margin account—an account which lets you borrow money to purchase securities—also involves risk and you can lose more money than you deposit in a margin account. Your firm can force the sale of securities in your accounts to meet a margin call, sell your securities without contacting you and increase its margin requirements at any time without providing you with advance notice.

**6. Get the basics on options trading.** Options are contracts that give the purchaser the right, but not the obligation, to buy or sell a security at a fixed price within a specific period of time. Options can help investors manage risk or increase buying power. But buying and selling options also involves risk, and it is possible to lose money.

**7. Know the rules if you are day trading.** Are you actively trading stocks? If so, it's important to know what it means to be a "pattern day trader" because there are requirements associated with this kind of trading.

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