

Speaker 1: In episode 24, we hit the ball out of the park talking about apps. There's an app for that. Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly and this is Episode Number 24. Willie Mays. Now, the Mets haven't officially retired number 24 but they haven't given it out too much after he stopped playing with the Mets. I think that was '74. 660 home runs, hit a few of them with the Mets but say, hey kid, Willie Mays. The format for these videos is we get questions from clients, we get questions from folks who are following us on social media and we turn them around into questions. They're good topics. If you're thinking about it, other people probably are too. Get in touch with us and give us your questions, you may see it on a future video. Casey, what do we have to talk about today?

Speaker 2: I've been reading about a lot of these investment apps online. Are any of them worth taking a look at?

Speaker 1: Okay, there's five apps that I want to talk about briefly on this: Acorn, Betterment, Wealthfront, Robinhood and something called Stash. I don't know how they come up with these things. The whole idea is these apps are designed for the smaller investor. They're a way for you to track, on iPad or a cellphone, how your savings can grow if you let them system do its job for you. With Acorn, it's actually tied to a bank account and one example I read online was that suppose you spend \$2.75 for a cup of coffee. First of all, that's a lot of money for a cup of coffee but I'm getting off track, what Acorn does is they take the \$.25, they round it up to the nearest dollar and they throw that in a savings account.

With savings accounts near ... Interest rates down near zero, how much interest are you going to make on \$.25? Acorn doesn't work for free. They do charge a monthly fee. It's small, it's \$1.00 but if you're investing spare change, it really becomes a pretty big percentage. Good concept, I don't know if it's fully baked in but it's worth taking a look at. Acorn. Betterment and Wealthfront have been around a little longer. They are really designed for a way to save money and get you systematically invested. They're really making great inroads in the advisory world. They do have some very interesting models. They also, like everything else, they don't work for free. Understand that the charges while they may seem small, if you're investing small amounts of money on a percentage basis, they can really be pretty big. You got to read the fine print.

I want to talk about the other two which is Robinhood and Stash. Robinhood is really the first pure app that allows you to trade stocks on your cellphone which I'm just going to get on my little soap box, that's a really dumb idea, trading stocks on your cellphone. There is literally no commission in the sense that it's free. How does a place like Robinhood make money? Well like all brokerage firms, Robinhood makes money on the money you deposit. They can invest it even in an overnight situation and pickup interest on your deposit. Also, if you are an active trader and you trade on margin, they're going to charge you margin interest but that's true in any other brokerage firm. If you really want to have the casino right on your phone, you can trade stocks through Robinhood. I just don't think that's really what stocks are designed for.

Stash is another program that lets you buy ... Exchange traded funds for as little as \$5.00 in cost. That sounds good but you need to understand that other brokers like TD Ameritrade and Schwab have exchange traded funds, in some cases hundreds of them, that you can buy and sell without any kind of commission. Why would they do that not charge you any commission? Well obviously, what they're doing is they get paid for directed order flow so they bunch up all of these small orders and they direct them and they get paid to send volume to an online broker who does the trade for them and we'll cover that in another video. It's a video all by itself.

Also in a follow up video, I think we want to just spend a little time talking about the idea of investing or watching your portfolio on your phone versus giving it a chance to grow. My grandmother used to say a watched pot never boils. That's really all we've got for you today. If you've seen an app that you're interested in, you'd like us to take a look at, get in touch with us. Of course, if you've got any kind of question about financial planning or money management or investing in general, just reach out to us. We'd be happy to take a look at it. If we don't answer you directly, we may think about putting it on a video. That's it for Episode 24. Next up will be Episode 25 and we've got lots of names we can talk about then. See you then.