



5 Questions to Ask Before Opening Your First Brokerage Account

Description

First off, congratulations. Opening your first brokerage account is a major step. Done right, this account could help you amass a tonne of wealth, not to mention grow it into a much larger amount.

Of course, the moment you decide to open a brokerage account, you're flooded with options. Canada has so many great brokerages to choose from that it can be difficult, often frustratingly so, to choose one from the lineup. Fortunately, there are some questions you can ask that can help you narrow your options. Here are just five you should ask before opening your first brokerage account.

1. What are the fees?

Perhaps the most important question to ask yourself is what fees, if any, does the broker charge?

Keep in mind that many of Canada's best brokers will charge low or no fees for trades, while others will charge higher commissions. On top of that, your broker may charge administrative or account fees, which are small but can add up over time.

Before you lock yourself into a brokerage, be sure you figure out how much it will cost you to conduct trades. Even if you're not trading frequently, you still want to minimize your costs, as fees can eat into your returns over time.

2. Is there a minimum?

Some brokers require you to maintain a minimum balance in your account. If you don't, they'll often slap you with fees. While the account minimums aren't always outrageously high (sometimes they're as low as \$500), you should be aware of any minimums before you open your account.

Of course, not all brokers require you to keep a minimum. If you're looking for a basic brokerage account, you'll find plenty that allow you to start without making large deposits.

3. Do they offer signup bonuses?

Everyone likes a bonus, right? Well, with brokers, it's fairly common to see a sign-up bonus for opening a new account, depositing a certain amount of money, or completing a specific number of trades. If you meet the requirements for the bonus, your broker will often deposit cash into your brokerage account, or they could give you a certain number of free trades per year.

One word of warning: don't open a brokerage account for the sign-up bonus alone. I know it's tempting. After all, if you see one brokerage handing out \$200, you're going to feel pretty attracted to that broker. But be sure you look fees, account minimums, customer service, and the types of accounts that broker offers. You want a full package, not a signup bonus.

4. What is the customer experience like?

Trust me on this: if you have a problem with your brokerage account, whether it's an error in the account itself or a mistake on your part, you'll want a speedy response. So, before you open an account, be sure you read customer reviews. If you find that people are having trouble reaching the broker — by phone or email — that's a good sign the broker is probably unresponsive.

5. What educational materials do they offer?

Finally, take a look at the research and educational materials that brokers offer you. Many will offer investment research, stock analysis, articles on investment trends, and even diversification advice. These can be icing on the cake, especially if you find a broker with low fees and great customer service.

Foolish bottom line

Canada has [some of the best brokerages around](#), so it shouldn't be too difficult to find one that's the right fit for you. Compare the fees among different brokers and make a choice based on what you expect to trade.

CATEGORY

1. Personal Finance

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

PP NOTIFY USER

1. kduncombe
2. sporrello

Category

1. Personal Finance

Date

2025/07/17

Date Created

2021/12/24

Author

sporrello

default watermark

default watermark