Video Transcript: "Mutual Funds vs. ETFs"
https://youtu.be/Es3vXJ7GoV8

Let's say you're a small investor yes you and let's say you're looking for ways to put your money into stocks and bonds. Here are two good options to consider: mutual funds and their investing cousins, exchange-traded funds, known as ETFs.

Both are baskets of stocks picked by a professional. Mutual funds set their price once a day and are overseen by fund managers. ETFs trade all day on an exchange so they're basically mutual funds that trade like stocks, making it easier to move in and out of them.

ETFs rarely change because they mirror an index like the S&P 500, which is a diverse group of 500 stocks, everything from American Airlines to Facebook to Nike. So when the S&P goes up, so will your ETF and vice-versa. On the other hand, mutual funds are usually actively managed, so the baskets might change frequently as a manager buys and sells stocks in specific areas like emerging markets or tech.

You can buy mutual funds through a broker, a financial advisor, or directly from a fund company. ETF shares can be purchased on an exchange like the Nasdaq or the New York Stock Exchange.

Most people stick with mutual funds. The money in your 401k retirement plan is put into mutual funds. There is 13 trillion dollars invested in mutual funds and some 2 trillion in ETFs, but they're growing. ETFs put more responsibility on you, the investor, to decide when to buy and sell. Since you're a do-it-yourselfer, you'll pay a lot less in fees. That flexibility can help with taxes, since you have control over when to book gains and losses. Bottom line, both are good options—it really depends on you.