Part 1: Understanding the Basics

Why Christians Invest

When most people think about investing, they think of Wall Street, money managers, or people trying to get rich. But for Christians, investing has a far greater purpose … to build God's Kingdom.

The Bible makes it clear that wealth itself is not evil. What matters is the heart behind it. Paul warned Timothy, *"The love of money is the root of all kinds of evil"* (1 Timothy 6:10). Money can either be a trap or a tool. As believers, we are called to use it as a tool to build God's Kingdom.

Jesus Himself taught about investing in the Parable of the Talents (Matthew 25). The master gave his servants resources, expecting them to multiply what they were given. The faithful servants put their master's money to work and doubled it. They were praised: *"Well done, good and faithful servant."* The servant who buried his talent out of fear was rebuked.

As Christians, we invest because:

- **We are stewards, not owners.** Everything we have belongs to God (Psalm 24:1).
- **We are called to multiplication.** God expects us to grow what He has entrusted to us (Matthew 25:21).
- **We are called to generosity.** The more we grow, the more we can give (2 Corinthians 9:11).

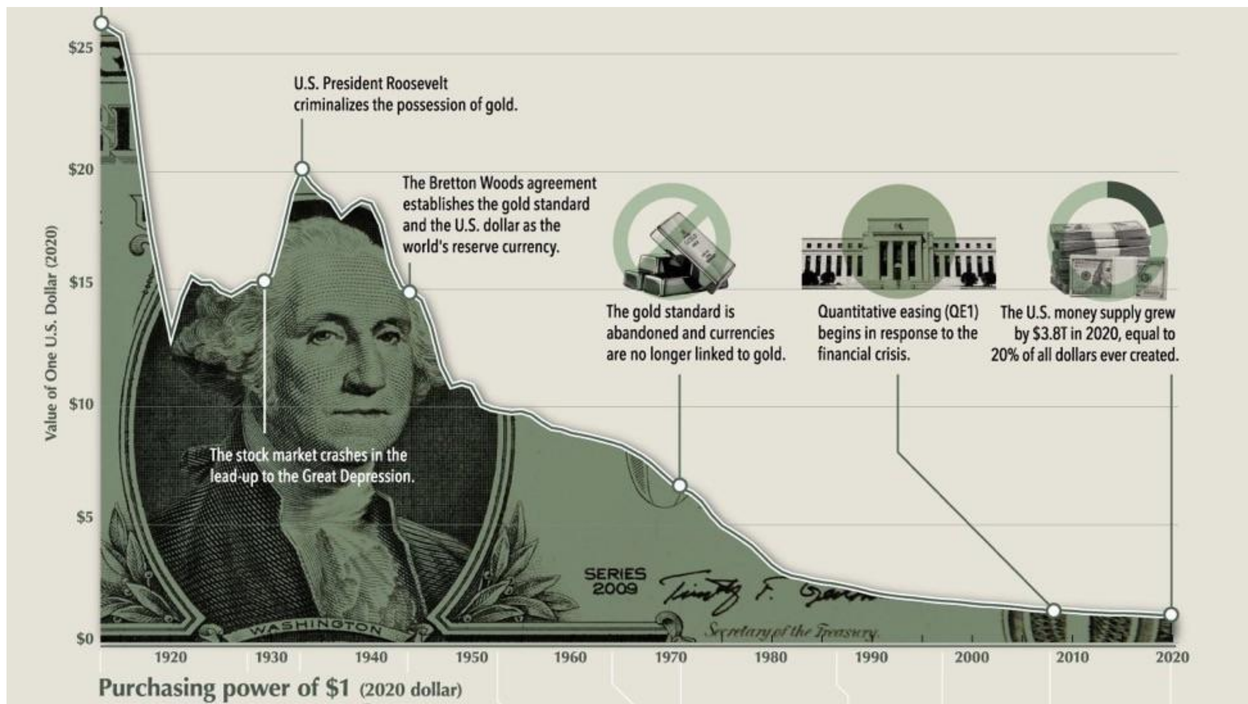
This guide will take you step by step into the basics of investing in the stock market … from understanding stocks to opening a brokerage account and making your first investment.

And remember: this isn't just about *our* wealth. It's about stewardship, faithfulness, and advancing God's purposes in the world.

What Is Investing?

At its core, investing is putting your money to work so it can grow over time. Instead of letting cash sit idle in a savings account earning little interest (the equivalent of burying it in the ground in modern days), invested money has the potential to multiply.

The key is to find ways for your money to grow faster than inflation. The US dollar is always losing value …



We can all remember the "good old days" when a dollar would go a lot further.

But we would also like our investments to grow so that it doesn't just beat inflation, it builds a sizeable nest-egg.

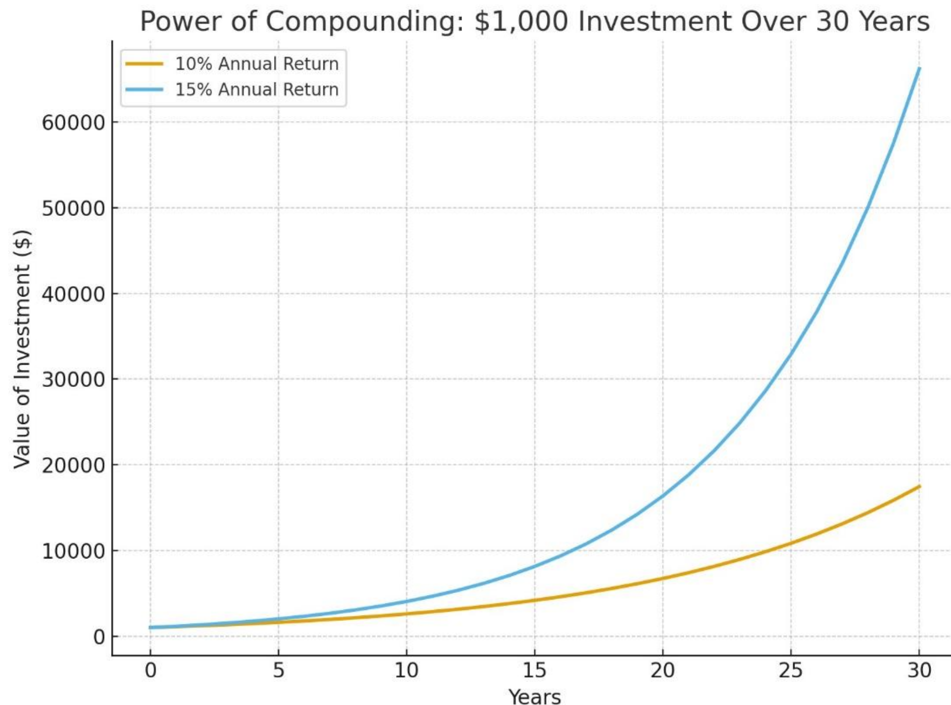
The real magic of investing is called **compounding**—when the money you earn also begins to earn money. Over time, compounding acts like a snowball rolling downhill: it starts small, but the longer it rolls, the bigger it gets.

For example:

- If you invest **$1,000 at 10% per year**, after 15 years it amounts to $4,177. But then it grows faster and faster. After another 15 years, it grows to about **$17,449**.
- If you invest **$1,000 at 15% per year**, after 15 years it grows to $8,137. But if it grows for 30 years, it will reach about **$66,212**.

So, pay close attention to how long you plan to invest and your expected rate of return.

Here's what it looks like over time:



Notice how the lines start close together but spread apart the longer the money stays invested? This widening gap is the power of compounding in action—and it's why starting early and aiming for solid returns (15% instead of 10%) can make such a massive difference in your financial future.

What Is a Stock?

A stock is simply a piece of ownership in a company. When you buy a share of stock, you become a part-owner of that business.

Think of it like investing in a local business … like a landscaping company. You might invest along with 9 other friends. The investors supply the cash in return for, say, 25% ownership. If the company does well, one day … you could sell your share for a big gain. In the meantime, you might collect income as an investor … in the form of "dividends."

This matters for Christians because businesses create value, provide jobs, and shape culture. By investing in good, productive businesses, we are fueling enterprises that can serve people and bring blessing.

What Are Mutual Funds and ETFs?

If buying a stock is like owning a share of a landscaping company, then buying a **mutual fund** or an **ETF** is like shares in a dozen local businesses.

The beauty of funds is that they give instant diversification—spreading your resources broadly, just as Ecclesiastes 11:2 advises: *“Invest in seven ventures, yes, in eight; you do not know what disaster may come upon the land.”*

A **mutual fund** is a basket of investments—usually dozens or even hundreds of different stocks, and sometimes bonds too. When you buy into a mutual fund, you’re pooling your money with thousands of other investors, and a professional manager decides what goes into the basket.

- **Pros:** Diversification (your risk is spread out), professional management, and simple to use.
- **Cons:** Higher fees compared to ETFs, and they only trade once per day (after the market closes).

An **ETF (Exchange-Traded Fund)** works a lot like a mutual fund—it’s also a basket of investments—but with a key difference: ETFs trade on the stock exchange just like individual stocks.

- **Pros:** Diversification, lower fees, easy to buy or sell throughout the day.
- **Cons:** Prices move during the day, just like a stock, so you’ll see small ups and downs.

The key difference: Mutual funds are usually actively managed by professionals, while ETFs often simply track an index (like the S&P 500) at a much lower cost.

If you own an S&P 500 ETF, you are 90% of the way to investment success. And it is really easy to do!

How the Stock Market Works

If a stock is a slice of a landscaping company, the stock market is a market where you can invest in all the businesses of your local town …

I like that comparison, because … would you invest in every business in your local town?

Probably not.

But that’s exactly what people do when they buy dozens of funds. They are betting on every single company and if they do that, well … their returns will be diminished. However, you might invest in the top electrical company, the top plumbing company, the top restaurant, the top grocery store …you get the idea.

The stock market is basically all the companies in the world. It’s a giant marketplace where millions of investors trade shares of companies every day.

Prices move constantly because of supply and demand. If more people want to buy a stock than sell it, the price goes up. If more want to sell than buy, the price goes down. News, earnings reports, and even investor emotions can all influence prices.

In the short run, the market is volatile. But in the long run, it reflects growth. This mirrors God's wisdom in Proverbs 13:11: *"Wealth gained hastily will dwindle, but whoever gathers little by little will increase it."*

Patience and faith are key. Investing is not about quick riches—it's about long-term diligence.

Why Would a Company Go Public?

If the stock market is the place where companies are bought and sold, you might wonder: *Why would a company want to be traded publicly in the first place?*

When a company "goes public," it sells shares of ownership (usually about 10% to 25% of the company) through what's called an **IPO** (Initial Public Offering). Instead of being owned by just a few founders or private investors, the business invites the public—ordinary people like you and me—to become part-owners.

Why do they do this?

- **Raise money to grow.** Going public gives a company access to large amounts of capital. That money can be used to build new factories, hire more workers, or launch new products.
- **Increase visibility and credibility.** Publicly traded companies often gain trust from customers, partners, and lenders.
- **Reward early investors and founders.** Those who started the business can sell some of their shares, turning years of effort into real wealth.
- **Attract and keep talent.** Many companies give employees stock options as part of their pay, which is only possible if the stock trades publicly.

From a Christian perspective, this is also an opportunity. When a company goes public, it allows thousands—even millions—of people to join in its growth. Some of those investors may use their profits to bless families, churches, and Kingdom work.

Part 2: Laying the Groundwork

Setting Your Goals

Before you invest a single dollar, ask yourself: *Why am I investing?*

Investing without a goal is like driving without a destination—you may end up somewhere, but it might not be where you want to go.

Common goals include:

- **Retirement** – building a nest egg for financial independence.
- **Major purchases** – saving for a house, education, or starting a business.
- **Wealth building** – growing money over time to pass on or to create freedom.

Your goal shapes your strategy. For example, someone investing for retirement in 30 years can take more risks than someone saving for a house in five years.

Risk vs. Reward

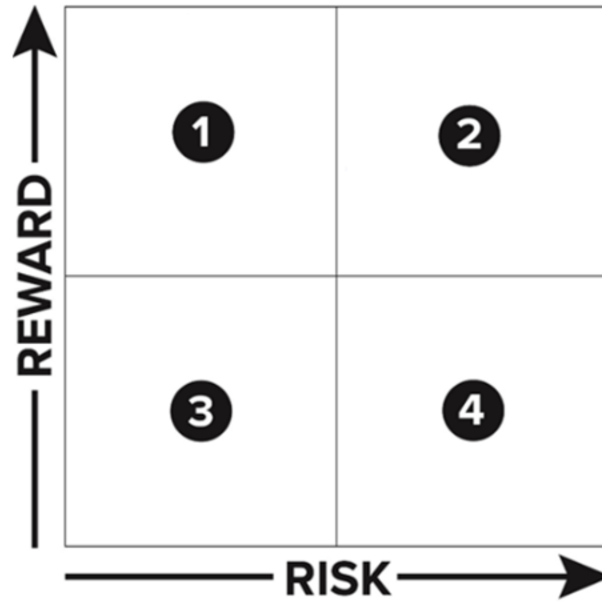
Investing is a trade-off. The higher the potential return, the higher the potential risk.

Most financial firms might show you a chart that looks like this.

So, for example, holding cash (like a CD), has very little risk but also very low return. But a small cap stock (usually worth about $1 billion) is high risk, high return.

But, that's not exactly true.

I've floated this image around quite a bit in my book.



Because sometimes you can find investments with low risk, and high reward (zone 1). And sometimes you can find a high-risk investment, with low reward (zone 4).

If I were to plot an S&P 500 fund on this chart, it would be right in the middle of it all.

The important thing is knowing your own comfort level. If you panic every time your stock drops a little, you may not sleep well at night. But if you can zoom out and think long-term, you'll be more comfortable riding the ups and downs.

Building a Safety Net

Here's a rule of thumb: never invest money you might need tomorrow.

Before you put money into the market, make sure you have an **emergency fund**—cash that covers at least 3 months of your expenses. This way, if you face an unexpected job loss, medical bill, or car repair, you won't be forced to sell your investments at a bad time.

Think of it as your financial foundation. Without it, investing can feel stressful and risky. With it, you'll have peace of mind, knowing your investments can ride out market ups and downs.

But don't get crazy. Don't bury your treasure. You should have faith in God over fear of losing your money … just apply a bit of common sense to it all.

Part 3: Getting Started

A **brokerage** is your gateway to the stock market. It's the platform (website, app, or firm) where you buy and sell stocks, funds, and other investments.

There are two main types:

1. **Online Brokerages**
    - These are apps or websites where you open and manage your account yourself.
    - They usually offer **low or no commissions** and very low fees.
    - The platforms are designed for simplicity—great for beginners.
    - Most provide educational tools, basic research, and easy-to-use dashboards.
    - Examples: Robinhood, E*TRADE, Vanguard, Fidelity, Charles Schwab.

    Best for: Those who want to keep costs low and make their own decisions.

2. **Full-Service Brokerages**
    - These firms provide **personal advisors or brokers** who can help you choose investments.
    - They often offer **customized financial planning**, including retirement strategies, tax planning, and estate guidance.
    - They may give you **access to investments not available on standard platforms** (like private placements, IPO allocations, or managed portfolios).
    - You'll have a dedicated point of contact for questions, not just a customer service hotline.
    - The tradeoff: **much higher fees**, either in commissions per trade or annual account management fees.
    - Examples: Merrill Lynch, Morgan Stanley, Edward Jones.

    Best for: Investors who want professional guidance, personalized strategies, or someone to manage investing on their behalf.

There is really no wrong way to invest. The key is, if investing with a full-service brokerage firm, just ask what fees they are charging and make sure you're getting what you need from them.

If your investment strategy is to invest in an S&P 500 fund and never touch it, then invest on your own. It is extremely simple to do.

Opening Your Account

Once you've chosen a brokerage firm, the next step is opening an account. This process is very similar to opening a bank account—it's quick and mostly online.

You'll need to provide:

- A government-issued ID (driver's license or passport)
- Your Social Security number (if in the U.S.)
- Bank account details (to move money in and out)

Most accounts are approved in minutes, though sometimes they may ask for extra documents.

Choosing the Right Type of Account

When you open your brokerage account, you'll likely be asked: *What kind of account do you want?* This choice affects how your investments are taxed and how flexible the money will be.

Here are the main types for beginners:

1. **Regular Individual Brokerage Account (Taxable Account)**
    - Easiest to open and most flexible.
    - You can deposit or withdraw anytime.
    - You'll pay taxes on dividends and any gains when you sell.
    - Best for general investing and short-to-medium-term goals.
2. **Traditional IRA (Individual Retirement Account)**
    - Designed for retirement savings.
    - Contributions may be tax-deductible today.
    - You'll pay taxes later when you withdraw in retirement.
    - Works well if you expect to be in a lower tax bracket later in life.
3. **Roth IRA**
    - Also for retirement.
    - You contribute after-tax money (no deduction today).
    - Your money then grows **tax-free**, and you don't pay taxes when you withdraw in retirement.
    - Very popular with younger investors who expect to be in a higher tax bracket down the road.

If you're saving for retirement, a **Roth IRA** or **Traditional IRA** is often the smarter choice. Just keep in mind, you cannot take the money out (without a penalty).

If you want flexibility for other goals, start with a **regular brokerage account**.

Funding Your Account

Before you make your first investment, you'll need to move money into your brokerage.

You'll typically link your bank account and transfer funds electronically. Some brokerages let you start trading immediately with a small amount while your deposit is processing, but in most cases, it takes **a few business days** for funds to fully clear.

Start small—your first deposit doesn't need to be huge. Even $50 or $100 is enough to practice the process and get comfortable.

Part 4: Making Your First Investment

Individual Stocks vs. Funds

When it comes to your first investment, you have two main paths:

1. **Individual Stocks**
    - You pick a specific company (like Apple, Starbucks, or Disney).
    - If the company grows, your stock grows. If it struggles, your stock falls.
    - Advantage: You get to own part of a company you believe in.
    - Downside: All your risk is tied to that single business.
2. **Funds (ETFs or Mutual Funds)**
    - As mentioned, a fund is like a basket that holds many different stocks.
    - Advantage: Diversification—your money is spread across many companies, reducing your risk. And, a fund manager ultimately sells the losing positions for you.
    - Downside: Less rewarding than picking a single company and realizing big gains.

If you want simplicity and safety, start with a broad-market ETF (like one that tracks the S&P 500). Examples are VOO, SPY, or IVV.

If you want to learn the process and feel what its like to own an individual company, try a small position in a single stock you know.

Picking What to Invest In

If you're leaning toward an **individual stock**:

- Choose a company you understand.
- Ask: "Would I feel comfortable owning this for five years?"

If you're leaning toward a **fund**:

- Look for well-known, low-cost index funds or ETFs.
- Examples: funds that track the S&P 500, total U.S. market, or global market.
- These are often considered beginner-friendly because they're instantly diversified.

Placing an Order

No matter which path you choose—stock or fund—the process of buying is the same. You'll log in to your brokerage and place an order.

Two common order types:

- **Market order:** Buys immediately at the current price. (Best for your first trade.)
- **Limit order:** Lets you set a maximum price you'll pay. (Useful once you're more advanced.)

For your very first investment, a **market order** keeps it simple.

After You Invest

Congratulations—you've made your first investment!

From now on, your account will show:

- The number of shares you own
- The current value of those shares
- The total gain or loss since you bought

Don't worry if the value bounces around. That's normal. The key is thinking long-term.

Part 5: Building Good Habits

Diversification: Don't Put All Your Eggs in One Basket

One of the biggest mistakes new investors make is going "all in" on a single stock. If that company struggles, your portfolio takes the full hit.

Diversification spreads your money across many companies, industries, or even countries. That way, if one stock dips, others may rise and balance it out.

The simplest way to diversify is through **funds** (ETFs or mutual funds), since they give you instant exposure to dozens or even hundreds of companies in one purchase.

But just keep in mind, there is no need to own multiple funds. That is Diworsification and I talk about that in my book. If you own the S&P 500, you already have access to 500 companies.

Consistency: Invest Regularly, Not Just Once

Investing isn't a one-time event—it's a habit.

Many successful investors simply make it automatic. Instead of trying to time the market, they invest the same amount on a regular schedule (like $100 every month).

This approach:

- Smooths out the ups and downs of the market.
- Keeps you from waiting forever for the "perfect time."
- Builds discipline, which is more valuable than timing.

Avoiding Common Mistakes

New investors often get tripped up by emotions or hype. Here are three traps to avoid:

1. **Chasing Hot Tips** – If your friend, coworker, or the news is hyping a stock, it's probably already too late. By the time everyone's talking about it, the opportunity is often gone.
2. **Panic Selling** – When markets drop, fear kicks in. But selling at the bottom locks in losses. The best investors stay calm and think long-term.
3. **Overtrading** – Buying and selling constantly racks up fees (and stress). Investing should feel like planting a tree, not playing a video game.

Keep Learning and Growing

Your first investment is just the beginning. The best investors keep learning, experimenting, and sharpening their skills over time.

Ways to keep growing:

- Read beginner-friendly investing books (like *The Little Book of Common Sense Investing* by John Bogle).
- Listen to podcasts that focus on long-term investing.
- Follow financial news—but don't let it dictate every move.
- Keep a journal of your investments and your reasons for making them.

The more you learn, the more confident you'll become in making smart financial decisions.

Conclusion: You're an Investor Now

You began this journey asking, *“Why should I invest?”* Now you know: not for greed, not for pride, but for God’s glory.

- Compounding shows the fruit of diligence.
- Stocks and funds give us tools to multiply.
- Wisdom, patience, and faith anchor us against fear.

Ultimately, investing is about stewardship. God calls us to grow what He has given, not bury it in the ground. When we do, we will one day hear those words we long for:

“Well done, good and faithful servant.” (Matthew 25:23)