

# How to choose a low-cost broker | Biz Brain



Save money on fees by choosing a low-cost broker. ([imelenchon/morguefile.com](http://imelenchon/morguefile.com))



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Q. I've always had stock account with a large brokerage company - my dad started an account for me there -- but I never do stocks anymore. Only mutual funds. How can I choose a low-cost brokerage to use instead?

-- Investor

A. There are lots of great options for a low-cost brokerage account to use for your mutual fund investments.

But the most appropriate choice depends on what's most important to you, said Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains.

She said some of the larger, more well-known options include Schwab, Fidelity, TD Ameritrade, E\*TRADE and Vanguard.

"If you are most concerned about keeping your costs low, I would recommend Vanguard, which is known as the leader in low-cost mutual funds," Aznar said.

Vanguard also has fairly low account minimums of \$1,000 for IRAs and \$3,000 for non-retirement accounts, which makes it easier for new investors to get started, Aznar said.

She said Vanguard does not charge any commissions on purchases of Vanguard funds and the fees for non-Vanguard funds range from \$8 to \$35 per trade.

Aznar likes Vanguard in part because it's been around for decades -- since 1975 -- and it specializes in providing customers with low-cost well diversified index funds in a large variety of asset classes.

"For the less adventurous investors, Vanguard also offers a large menu of one stop **target-retirement funds** that are appropriate for young people many years away from retiring as well as older individuals who are closer to retirement or in retirement," Aznar said.

"These funds are built to be appropriate in asset allocation given the amount of time remaining until retirement and will adjust to become more conservative as the investor ages."

Before you make your choice, do your homework and check out several companies.