

Beverly Frickel Purchased 100 Shares Of Gleason Systems Stock For \$32.50 Per Share. Her Commission For

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This opening statement sets the stage for a comprehensive exploration of the various factors involved in Beverly Frickel's stock purchase, especially focusing on the commission she paid and the broader implications of her investment. When an investor like Beverly buys shares of a company such as Gleason Systems, there are multiple elements at play—ranging from the brokerage fees and commissions to the overall costs and potential returns. Understanding these components is vital for investors aiming to optimize their investment strategies and comprehend the true cost of buying stocks.

Understanding the Basics of Stock Transactions

What Is a Stock Purchase?

A stock purchase involves buying shares of a publicly traded company's stock. When Beverly Frickel bought 100 shares of Gleason Systems at \$32.50 per share, she acquired a fractional ownership stake in the company. Her total investment before commissions was:

- Number of Shares: 100
- Price Per Share: \$32.50
- Total Cost (before commissions): \$3,250.00

This transaction reflects her desire to become a shareholder and potentially benefit from the company's future growth, dividends, or increase in stock value.

The Role of a Broker in Stock Transactions

Brokers or brokerage firms facilitate stock transactions between investors and the stock exchange. They act as intermediaries, executing buy or sell orders on behalf of investors. These brokers charge fees or commissions for their services, which can vary depending on the broker, the type of account,

and the transaction size.

Breaking Down the Commission and Its Components

What Is a Commission in Stock Trading?

A commission is the fee paid to a broker for executing a trade. It compensates the broker for their service, including order execution, handling, and sometimes advisory services. Commissions can be structured in various ways:

- **Flat Fee:** A fixed amount regardless of the trade size (e.g., \$10 per trade).
- **Per Share Fee:** A fee based on the number of shares purchased or sold (e.g., \$0.05 per share).
- **Percentage-Based:** A percentage of the total transaction value.

The choice of structure influences the total cost, especially for large or small transactions.

Estimating Beverly's Commission

Suppose Beverly used a broker that charged a flat fee of \$10 per trade. Her total cost would be:

- Stock Cost: \$3,250.00
- Commission Fee: \$10.00
- Total Cost: \$3,260.00

Alternatively, if her broker charged \$0.05 per share, her commission would be:

- $100 \text{ shares} \times \$0.05 = \$5.00$

Total cost would then be:

- Stock Cost: \$3,250.00
- Commission Fee: \$5.00
- Total Cost: \$3,255.00

The actual commission Beverly paid depends on her broker's fee structure.

Impact of Commission on Investment Cost and Returns

Cost Analysis of Beverly's Purchase

The commission directly affects Beverly's total initial investment. Lower commissions mean more capital is invested directly into the stock, which can influence her potential returns. Conversely, higher commissions reduce her net investment, impacting her future gains or losses.

Implications for Short-term and Long-term Investors

- Short-term traders: Higher commissions can significantly eat into profits, especially if frequent trades are made.
- Long-term investors: While initial commissions are important, ongoing costs like management fees, if any, and the overall growth of the investment often weigh more heavily.

Additional Costs and Considerations in Stock Transactions

Other Fees Beyond Commissions

Investors should be aware of other potential costs, including:

1. **Bid-Ask Spread:** The difference between the highest price a buyer is willing to pay and the lowest price a seller is willing to accept. This can add to the effective cost of trading.
2. **Account Maintenance Fees:** Some brokers charge ongoing fees for maintaining an account.
3. **Transfer Fees:** Costs associated with moving assets between accounts or brokers.
4. **Margin Fees:** If purchasing on margin, interest charges apply.

Tax Considerations

While not directly related to commissions, taxes on dividends, capital gains, and transaction reporting can influence overall profitability. Investors should factor these into their decision-making process.

Choosing the Right Brokerage for Your Investment Needs

Factors to Consider When Selecting a Broker

Investors like Beverly should evaluate:

- Commission structure and fees
- Trading platform usability
- Research and advisory services
- Account minimums
- Customer support
- Reputation and reviews

Types of Brokerage Accounts

Different account types may offer various fee structures and services:

- Full-Service Brokers: Provide personalized advice but often charge higher fees.
- Discount Brokers: Offer lower commissions with less personalized service.
- Online Brokers: Typically have low fees, suitable for self-directed investors.

Calculating the Total Cost of Beverly's Investment

Sample Calculation

Assuming Beverly used a broker with a \$0.05 per share fee:

- Cost of Shares: $100 \times \$32.50 = \$3,250.00$

- Commission: $100 \times \$0.05 = \5.00
- Total Investment Cost: \$3,255.00

If she paid a flat \$10 fee:

- Total Investment Cost: $\$3,250.00 + \$10.00 = \$3,260.00$

Understanding these calculations helps Beverly assess her initial investment outlay accurately.

Impact on Investment Returns

The initial cost influences her break-even point and future gains. For example, if she later sells her shares at a higher price, her profit must cover not only the difference in stock price but also her initial commissions and fees.

Conclusion: The Importance of Cost Awareness in Stock Investing

Investing in stocks like Gleason Systems involves more than simply purchasing shares at a given price. Commissions and associated costs can significantly impact overall returns. Beverly Frickel's decision to buy 100 shares at \$32.50 each and her choice of broker determine her total initial investment outlay. By understanding the structure and impact of commissions, investors can make more informed decisions, optimize their costs, and better strategize for long-term growth.

Being aware of all costs, including commissions, bid-ask spreads, and other fees, empowers investors to evaluate the true profitability of their investments. Whether they are long-term holders or active traders, understanding these components is essential for effective financial planning and achieving investment goals.

In summary, Beverly Frickel's purchase of 100 shares at \$32.50 per share, coupled with her broker's commission, exemplifies the importance of considering all transaction costs in stock investing. A thorough grasp of how commissions are calculated, their effect on the total investment, and the broader trading costs can significantly influence an investor's success and satisfaction in the stock market.

Frequently Asked Questions

What was Beverly Frickel's total investment when purchasing

100 shares of Gleason Systems at \$32.50 per share?

Beverly Frickel's total investment was \$3,250 (100 shares x \$32.50 per share).

How much commission did Beverly Frickel pay for purchasing the 100 shares of Gleason Systems stock?

The specific commission amount is not provided in the question. Additional details are needed to determine the commission paid.

What factors could influence the commission Beverly Frickel paid when buying the stock?

Factors include the brokerage firm's fee structure, the type of account, the size of the trade, and whether the transaction was executed online or through a broker.

How does Beverly Frickel's purchase of Gleason Systems stock impact her investment portfolio?

Buying 100 shares diversifies her holdings and potentially offers growth or income opportunities, depending on the company's performance and stock appreciation.

What are the potential risks associated with Beverly Frickel's investment in Gleason Systems stock?

Risks include market volatility, company-specific risks, and the possibility that the stock's value may decline below her purchase price.

Additional Resources

Beverly Frickel Purchased 100 Shares Of Gleason Systems Stock For \$32.50 Per Share. Her Commission For her recent stock transaction highlights a common scenario faced by individual investors navigating the complexities of stock trading. This purchase not only reflects Beverly's investment strategy but also serves as a case study to analyze the various factors involved in stock acquisitions, including commission fees, overall costs, and potential implications for her portfolio. In this comprehensive review, we will explore the details of her transaction, the nature of commissions in stock trading, the features and drawbacks of different brokerage options, and the broader context of investing in Gleason Systems.

Understanding Beverly's Stock Purchase

Details of the Transaction

Beverly Frickel decided to buy 100 shares of Gleason Systems at a price of \$32.50 per share. This means her total investment amount before fees was:

- Total Purchase Cost: $100 \text{ shares} \times \$32.50 = \$3,250$

However, the actual amount Beverly paid depends on additional costs like commissions or fees charged by her broker.

Significance of the Purchase

- Investment Size: A \$3,250 investment represents a moderate position in a typical stock portfolio, suitable for individual investors aiming for diversification.
- Stock Selection: Gleason Systems, as a company, might be a growth or value stock depending on its market position and financial health—details that influence the investment's future prospects.
- Price Point: Buying at \$32.50 per share suggests Beverly's consideration of the stock's valuation, either at a discount or premium relative to its historical or intrinsic value.

Commissions in Stock Trading

What Are Commissions?

Commissions are fees charged by brokerage firms for executing buy or sell orders on behalf of investors. They can be a flat fee, a percentage of the trade, or a combination of both, depending on the broker's fee structure.

Types of Commission Structures

- Flat-Rate Commissions: A fixed fee regardless of trade size (e.g., \$4.95 per trade)
- Per-Share Fees: A fee charged per share traded (e.g., \$0.005 per share)
- Percentage-Based Fees: A percentage of the total trade amount (less common for retail investors)
- Commission-Free Trading: Many online brokers now offer commission-free trades for stocks and ETFs, shifting revenue models to other fees or payment for order flow.

Impacts of Commissions on Investment

- Cost Efficiency: Lower commissions mean more of the invested capital goes toward actual stock

purchase.

- Trading Frequency: High commissions can discourage frequent trading, favoring long-term investing.
- Total Cost Calculation: Including commissions is vital for accurately assessing the total cost of an investment.

Calculating Beverly's Total Cost

Assuming Beverly's broker charges a \$4.95 flat commission per trade, her total cost for purchasing 100 shares would be:

- Trade Cost: $\$3,250$ (stock cost) + $\$4.95$ (commission) = $\$3,254.95$

If her broker charges a per-share fee of \$0.005 per share, the calculation would be:

- Commission: $100 \text{ shares} \times \$0.005 = \$0.50$
- Total Cost: $\$3,250 + \$0.50 = \$3,250.50$

In case of commission-free trading, Beverly would pay only the stock's price without additional fees, making her investment more cost-effective.

Brokerage Options and Their Features

Traditional Full-Service Brokers

- Features:
 - Personalized financial advice
 - Portfolio management
 - Research and analysis tools
- Pros:
 - Expert guidance
 - Custom investment strategies
- Cons:
 - Higher commissions and fees
 - Less flexibility for self-directed investors

Online Discount Brokers

- Features:
 - Self-service trading platforms

- Lower commissions or commission-free options
- Access to research tools
- Pros:
- Cost-effective
- Greater control over trades
- Cons:
- Less personalized support
- Requires investor knowledge

Robo-Advisors

- Features:
- Automated portfolio management
- Based on algorithms and risk profiles
- Pros:
- Low fees
- Convenient for passive investors
- Cons:
- Limited customization
- Less suitable for active traders

Features and Considerations in Selecting a Brokerage

- Cost Structure: Look for low or no commissions, especially for small trades.
- Trading Platform: User-friendly interfaces and advanced tools can enhance the trading experience.
- Customer Support: Reliable support is crucial for resolving issues.
- Research & Education: Access to market data and educational resources.
- Account Minimums: Some brokers require minimum deposits.
- Additional Fees: Be aware of account maintenance fees, withdrawal fees, and margin costs.

Analyzing the Investment in Gleason Systems

Company Overview

Gleason Systems is a hypothetical or illustrative example, but in a real-world context, analyzing such a stock involves reviewing:

- Financial statements
- Earnings growth

- Market position
- Industry trends
- Competitive advantages

Potential Pros of Investing in Gleason Systems

- Growth Potential: If the company is expanding or innovating.
- Dividend Income: If the company pays dividends.
- Market Position: Strong competitive advantages.

Potential Cons and Risks

- Volatility: Stock prices can fluctuate based on market conditions.
- Company-Specific Risks: Poor financial performance or management issues.
- Industry Risks: Changes in industry regulations or technological disruptions.

Investment Strategy Considerations

- Diversification to mitigate risk.
- Long-term outlook versus short-term speculation.
- Monitoring company performance and market conditions.

Implications of Beverly's Purchase

Impact on Her Portfolio

- Adding Gleason Systems stock increases exposure to the company's industry.
- The purchase at \$32.50 per share sets a basis for future gains or losses.
- Understanding the total cost, including commissions, helps in assessing profitability thresholds.

Tax Implications

- Capital gains taxes may apply upon sale, based on the difference between sale price and purchase price.
- Dividends received are taxable income.

Long-Term Considerations

- Regular monitoring of the stock's performance.
- Rebalancing her portfolio as needed.
- Considering additional research or consultation for future trades.

Conclusion

Beverly Frickel's decision to purchase 100 shares of Gleason Systems at \$32.50 per share, along with understanding her brokerage's commission structure, exemplifies key aspects of individual investing. The choice of broker and fee structure significantly influences the overall cost and potential returns of her investment. Whether opting for a traditional full-service broker, a discount online platform, or a robo-advisor, each option offers distinct advantages and drawbacks tailored to different investor needs.

Cost management remains central; commissions—whether flat fees, per-share charges, or commission-free models—directly affect the total expenditure and, consequently, the investment's profitability. By carefully considering these factors and conducting thorough company analysis, investors like Beverly can optimize their strategies, balancing risk and reward.

Investing in stocks such as Gleason Systems entails ongoing responsibilities: monitoring market conditions, understanding company fundamentals, and adjusting holdings as necessary. With diligent research and cost-conscious decision-making, Beverly can work toward achieving her financial goals, turning her initial purchase into a meaningful component of her broader investment journey.

In sum, Beverly's transaction encapsulates the multifaceted nature of stock investing, emphasizing the importance of informed choices, cost awareness, and strategic planning for long-term success in the stock market.

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