



Automatic Investing & Dollar-Cost Averaging Setup Checklist

Fidelity & E*TRADE execution rules, recurring ACH routing, and error prevention.

✓ Step 1: Core Account & Fund Foundation

Own at least one share or initial purchase in target mutual fund or ETF prior to scheduling recurring automation. Confirm bank link via ACH micro-deposits or instant verification.

✓ Step 2: Funding Source Configuration

Select whether funds pull directly from an external linked checking/savings account (ACH) or from existing brokerage uninvested core cash (SPAXX, FDRXX, or cash sweep).

✓ Step 3: Cadence & Dollar Allocation

Set recurring amount (\$10 minimum for mutual funds, \$1 minimum for ETFs on Fidelity; \$25 on E*TRADE). Align frequency with paydays (bi-weekly or monthly on the 1st/15th).

✓ Step 4: Dividend Reinvestment (DRIP) Verification

Enable automatic dividend and capital gains reinvestment across all target holdings to compound tax-free and prevent cash drag in settlement funds.

BROKERAGE AUTOMATION CAPABILITIES & BEST PRACTICES

* Fidelity Recurring Investments:

Supports automated dollar-based buys of mutual funds (FXAIX, FZROX) AND exchange-traded funds (VOO, ITOT) with fractional share support. Pulls directly from external banks.

* E*TRADE Automatic Investment Plan (AIP):

Primarily built for no-transaction-fee (NTF) mutual funds (SWPPX, VTSAX). Set up through 'Trading & Portfolios' > 'Automatic Investing'.

* Weekend & Bank Holiday Rule:

ACH pulls scheduled on non-trading days or bank holidays process on the following business day. Purchases execute at market close (mutual funds) or market open (ETFs).

* Zero Overdraft Safeguard:

Ensure a 3-5 business day cash cushion in your external checking account to prevent bounced ACH return fees from your bank.

THE WEALTH-BUILDING GOLDEN RULE OF AUTOMATION:

1. External Bank Checking

2. Cash Sweep (SPAXX)

3. Target Index Fund (VOO)

Pay your future self first on payday and let automated compound interest do the heavy lifting in total market funds.

Automated consistency beats market timing 100% of the time over a multi-decade investing horizon.

Eliminate Decision Fatigue: The highest-returning investor behavior is automated passive accumulation.

Zero Maintenance Drag: Set your contribution schedule once and verify your tax statements each spring.

