

HOW TO INVEST YOUR MONEY: A GUIDE FOR BEGINNERS



By: Jason Werner - March 7, 2024

Investing is an essential step in building financial stability. It's a great way to grow earnings overtime and there are plenty of ways to invest. Some people choose to invest directly into holdings like real estate, bonds or even gold, while others choose to invest in funds and shares of companies by contributing to an investment account. With so many different options available, figuring out where to start can be an overwhelming process, but it doesn't have to be. There are a few steps you can take to start growing your wealth this year.

The first thing you'll want to do is establish clear financial goals. Every person or potential investor may have a different goal they aim to achieve, so it's important to nail down the details prior to starting. When creating your list, be sure to determine whether they're short-term, long-term, or geared toward a specific financial milestone such as retirement.

Once you understand what your goals are, you'll want to do some research. Finding beginner books on investing and exploring basic financial literacy resources can help provide a solid foundation. From there, you can take a deeper dive into various investment options. Maybe you're interested in investing in the stock market, or maybe you want to purchase bonds. It's important to understand what you're investing in and the risks associated with it so that way you ensure you're making the right decision for

your financial situation.

After you've established your goals, and have a good understanding of investing, you'll want to create a plan of action. Depending on your financial situation, you'll want to figure out how much you can afford to invest. It's proven that over the course of time, a consistent schedule will allow for an investor to achieve long term success with a designated plan. A great way to start is to create a budget of your personal expenses so that an allotted amount can be determined for your investment plan that won't affect your cash flow needed for everyday life.

Whether it's a fixed dollar amount, or a set percentage of your income, find an amount that works for you. When I help clients who are new to investing, I like to illustrate the long-term projections. Sometimes, I'll even create different scenarios to see how the numbers change overtime. Small increases over time may seem minimal when they are being made, but the results over the long term can be quite impressive. By looking at these scenarios from the beginning, it can train your mind to formulate a plan that can be followed like a road map. You can start to determine what may be a feasible adjustment, or even set goals for adjustments based on your plan.

Now it's time to open an investment account. If your goal is to invest in your retirement, you'll want to set up a Traditional or Roth IRA. If the account is non-retirement and for liquid savings, then a non-qualified

account would be suitable. Despite the route you choose to take, you'll need to find a financial institution to house the account. Some examples include Charles Schwab, Fidelity or Vanguard.

Once your investment is underway, it will need to be managed as time passes. Make sure to schedule regular reviews. This check-in will help you ensure your investment is keeping up with your goals and allow you to make any adjustments as needed.

As you continue investing, you'll want to stay diversified, spreading your investments across different asset classes to reduce risk. This also helps mitigate the impact of poor performance in one investment by balancing it with potentially better-performing ones. You'll also want to monitor your risk tolerance and time horizon. Over the course of your investment journey, certain variables in your life will change. Make sure that your investments are adjusting properly with these changes. Your risk tolerance should align with your financial goals as they continue to evolve and mature.

Once you understand it, investing can be an exciting and rewarding experience. It's a great way to make your money work for you and your life. If you're thinking about investing, start as early as you can, stay educated and remember you don't have to take it on all by yourself. There's a lot of moving parts to work through so don't be afraid to seek professional guidance. It's your money so it's imperative.

Jason is the founder of Werner Financial in Indianapolis, Indiana. He has over 10 years in the industry as a registered investment advisor and holds Series 6, 7, 62, 63, & 65 licenses. Werner Financial aims to be the advisor on your team that helps you achieve all the goals you have set for yourself, your business, and or your family.



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