This is why you are broke!

I know you will say but Len I do save money even though I stay without money most of the time I do save money, which normally goes to that new leather jacket you saw a few months back or those nice pair of designer sneakers.

It’s a sad reality, but most people save money but only to, later on, spend it on things that they do not need. Rather, they save to acquire things they desire because they simply want to have nice new things.

Such a practice has left many living from one paycheque to the next leaving millions stuck in the rat race. Till they wake up one morning 65 years old unable to exchange their time for money no more without any other means to make an income.

Then we have the other group of people who save their money, but they do not simply end by saving it and leaving it to the fate of interest rates. They save their money to, later on, invest it. To invest it on what? You might wonder...Well, stick around for a few more paragraphs to find out more…

Saving to invest

It's always funny how when people hear about investmenting they get this mental picture of Wall Street stockbrokers stuck behind a desk and computer looking at stock rates going up and down all day long, Yikes!!

Well, you in luck, investing can be more fun and interesting than that traditional way of looking at things and NO! You do not have to be on your computer the whole day tracking how things are going.

The first thing you might want to do for yourself is to start with a savings plan. You might want to include how you are going to save and where you are going to get the funds which you plan to save and later on invest and oh, how much.

We are going to need your high school accounting cap back on to draw up a budget listing your expenses, liabilities and income. Then you can find out how much you can save after deducting liabilities and expenses.

The trick here would be looking for ways you can live below your means, I’m sure you have heard your boss yelling most of the time “cut cost.” Yes, it's time for you to cut cost on your life. Find out ways for you to live below your means, you will be surprised at how many things you could change to save a little more on your groceries, your water and electricity bill and ohh cutting down on the take out and the unnecessary driving trips to the mall.

Here is a gold nugget you will not find on the internet. Before considering going down the investment route do not invest money that is not yours or money you are not willing to lose. And always remember the investments you want to make should be long term.

Good investments = Long term investments. Sadly, the calculus quadratic equation to worthwhile investments is long term. You want the investment to take care of that future you who will be suffering from back pains and unable to exchange hours for money.

With that said you might want to use your valuable asset which you have plenty of now which is your time, to invest in taking care of yourself later. And another thing, let me put that in caps for you, “NEVER” be tempted to spend your investments no matter how good the returns look. What you might want to do is take your dividends and reinvest them in your trusted respective authorities. Yes, I'm asking you to rinse and repeat, your future self will thank you.

Types of Investments

You might be wondering to yourself this dude has been blabbing about investments but has not listed not even a single way to invest my savings. Well wait no further, here are some of the investments you might want to consider:

1. Stocks. I know we all love Louis Vuitton, Gucci and Prada. Other than loving the brands why not own a small part of the brand (shares) to give you dividends every financial quarter. When you buy stocks for a company, you become one of the owners, which means you will receive what we call dividends, which will be your (salary) and your dividends share price will depend on how many shares of the company you own. It's a no brainer right??

2. Bonds. Bonds are used by companies, governments and municipalities to finance their projects and operations. Now that you know what bonds are, I will explain how you can invest through them. Many companies and governments borrow money using bonds. So when you buy a bond you are lending money to the company or government that issued it. You will benefit from this transaction from the issuer of the bond by being paid interest and your money back at a specific time in the future.

3. Mutual Funds. A mutual fund is an investment pool run by professional investment managers who research profitable investment opportunities and select the stocks, bonds or any other investment opportunities they think will be profitable for the mutual fund. Once you are now an investor of a mutual fund you will see the value of your shares rise and fall as the value held by the mutual fund goes up and down.

Now that you have a clever picture of investing you might want to do further digging and research on the above-listed options of investments and see which ones best fit you. The future you will thank you, HAPPY INVESTING!