

## Top 10 Reasons to Invest Your Money

By AllBusiness Editors (<https://www.allbusiness.com/author/allbusiness-editors>) | In: [Personal Finance](https://www.allbusiness.com/finance/personal-finance/)  
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In order to build your wealth, you will want to invest your money. Investing allows you to put your money in vehicles that have the potential to earn strong rates of return.

If you don't invest, you are missing out on opportunities to increase your financial worth. Of course, you have the potential to lose your money in investments, but if you invest wisely, the potential to gain money is higher than if you never invest.

Here are the top 10 reasons to invest your money:

### 1. Grow your money

Investing your money can allow you to grow it. Most investment vehicles, such as stocks, certificates of deposit, or bonds, offer returns on your money over the long term. This return allows your money to build, creating wealth over time.



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## 2. Save for retirement

As you are working, you should be saving money for retirement. Put your retirement savings into a portfolio of investments, such as stocks, bonds, mutual funds, real estate, businesses, or precious metals. Then, at retirement age, you can live off funds earned from these investments.

Based on your personal tolerance of risk, you may want to consider being riskier at a younger age with your investments. Greater risk increases your chances of earning greater wealth. Becoming more conservative with your investments as you grow older can be wise, especially as you near retirement age.

**DON'T MISS: 3 Investment Strategies to Grow Your Retirement Savings**

**(<https://www.allbusiness.com/investment-strategies-retirement-savings-104987-1.html>)**

## 3. Earn higher returns

In order to grow your money, you need to put it in a place where it can earn a high rate of return. The higher the rate of return, the more money you will earn. Investment vehicles tend to offer the opportunity to earn higher rates of return than savings accounts. Therefore, if you want the chance to earn a higher return on your money, you will need to explore investing your money.

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## 4. Reach financial goals

Investing can help you reach big financial goals. If your money is earning a higher rate of return than a savings account, you will be earning more money both over the long term and within a faster period. This return on your investments can be used toward major financial goals, such as buying a home, buying a car, starting your own business (<https://www.allbusiness.com/25-frequently-asked-questions-on-starting-a-business-8225-1.html>), or putting your children through college.

## 5. Build on pre-tax dollars

Some investment vehicles, like employer-sponsored 401(k)s, allow you to invest your pre-tax dollars. This option allows you to save more money than if you could only invest your post-tax dollars.

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## 6. Qualify for employer-matching programs

Some employers offer to match the money you invest in your 401(k) plan up to a certain amount. Of course, the only way you can qualify and earn these matching funds is if you are actively investing in your 401(k) plan. Thus, many people invest in their 401(k)s to gain the matching employer funds.

## 7. Start and expand a business

Investing is an important part of business creation and expansion. Many investors like to support entrepreneurs and contribute to the creation of new jobs and new products. They enjoy the process of creating and establishing new businesses and building them into successful entities that can provide them with a strong return on their investment.

## 8. Support others

Many investors like investing in people, whether they are business owners, artists, or manufacturers. These investors feel good helping others achieve their goals.

## 9. Reduce taxable income

As an investor, you may be able to reduce your taxable income by investing pre-tax dollars into a retirement fund, like a 401(k). If you generate a loss from an investment, you may be able to apply that loss against any gains from other investments, which lowers the amount of your taxable income.

## 10. Be part of a new venture

New ventures need the backing of money, and they look to investors for that backing. Some investors may like the excitement of investing in a new, cutting-edge product or service, or being part of something like a business or film that introduces them to a glamorous world.

For more information on saving and investing, see the United States Securities and Exchange Commission's [Get the Facts: The SEC's Roadmap to Saving and Investing](http://www.sec.gov/investor/pubs/roadmap.htm).  
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