

How Much Money Should You Invest?

Many first time investors think that they should invest all of their savings. This isn't necessarily true. To determine how much money you should invest, you must first determine how much you actually can afford to invest, and what your financial goals are.

First, let's take a look at how much money you can currently afford to invest. Do you have savings that you can use? If so, great! However, you don't want to cut yourself short when you tie your money up in an investment. What were your savings originally for?

It is important to keep three to six months of living expenses in a readily accessible savings account - don't invest that money! Don't invest any money that you may need to lay your hands on in a hurry in the future.

So, begin by determining how much of your savings should remain in your savings account, and how much can be used for investments. Unless you have funds from another source, such as an inheritance that you've recently received, this will probably be all that you currently have to invest.

Next, determine how much you can add to your investments in the future. If you are employed, you will continue to receive an income, and you can plan to use a portion of that income to build your investment portfolio over time. Speak with a qualified financial planner to set up a budget and determine how much of your future income you will be able to invest.

With the help of a financial planner, you can be sure that you are not investing more than you should - or less than you should in order to reach your investment goals.

For many types of investments, a certain initial investment amount will be required. Hopefully, you've done your research, and you have found an investment that will prove to be sound. If this is the case, you probably already know what the required initial investment is.

If the money that you have available for investments does not meet the required initial investment, you may have to look at other investments. Never borrow money to invest, and never use money that you have not set aside for investing!

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