

Personal Finance and Investing Basics and Security

The foundations of the basics of personal finance are security stability and growth and protection as well as management. Investment growth begins with security.

The subject of personal finance is very broad, but as a beginning, I would like to discuss what I consider the foundations of personal finance: Security, Stability, Growth and Protection & Management. This article will discuss security. Investment growth and financial freedom begins with security.

A good question to ask yourself is what is security? For the average individual it means that you have health, disability, auto and home insurance on top of life insurance. These policies will insure that if something happens to you your family will be taken care of. If you are the head of household and you make most of the financial decisions make sure you leave explicit instructions for your family to follow. These should include the names and locations of all your insurance policies. The names and numbers of your insurance agents. Include all the basic policy information like account numbers and associated costs. Make sure all your important paper is placed in a secure local like a safety deposit box, at work, or at a friend house. Keeping the only copies of your insurance information in the house may be a problem especially if the house is damaged by a fire.

Additionally you should maintain an emergency fund. This is money which is placed into a money market account which checks can be written from. This is money that can be used if there is a financial or natural disaster. Make sure you have at least six months of income saved up, a year would be even better. This can be done by putting aside a little bit of money each month as well as adding gifted money to the account (from birthdays or inheritances). It is also important that you have a will which reflects what you want to be done in the case of your death. It should include references to both finances, personal property, and your personal opinion about life support and end of life options.

Making sure your family is safe and secure can give you the piece of mind to invest fully in the stock market. Often times investors are held back by the fear of risks and losing money. No one can predict your success in the stock market. The one thing that all investors know is that sometimes you will fail and lose money. This is less devastating if you do not have all your money wrapped up into your stock portfolio. Having an emergency fund means losing money in the stock market is not the end of the world. It also means that for unexpected bills and expenses can be paid without having to sell of stocks which are meant to be long term investments. Especially in the case of mutual funds and IRAs where they are severe penalties for withdrawing money before retirement. Security is your first step to starting your investment portfolio.

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About the Author

Mika Hamilton runs a website offering free investment tips and strategies for people looking to get started in the investment world.

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