

The Three Golden Rules of Investing

The whole aim of investing is, of course, to create a passive income stream, so while you're out on the golf course, hanging with friends or whatever, your money is working for you, rather than you working for money.

There are three golden rules to investing that, if you follow, will lead to great wealth and financial freedom!

The first golden rule is to just get started! One of the main reasons people fail to create wealth is because they don't understand the power of compound interest as they think investing just a few dollars, or even putting coins in a jar will never be enough to invest, so why bother.

The truth is many successful wealthy people started out by just investing a tiny amount then watching it grow thanks to the power of compound interest.

The second golden rule is to start young! If you invest say, \$2000 when you're 30 you will end up with more money than if you invest that same amount at 35. The reason is compound interest. Imagine planting a seed, then fertilizing it for 30 days.

That seed will just grow and grow, spread more seeds and turn into a big bush! Now, imagine planting the same type of seed 1 year later and only giving it half the amount of fertilizer. This plant will grow but won't catch up in size to its counterpart. That's what compound interest is like!

The third rule is to have a plan. There's an old, and very true, saying: Fail to plan - plan to fail. Write your plan down, review it regularly and above all, keep your eye on the goal.

The most common forms of investment for most people are real estate and the stock market. When you invest in the market, you are literally buying stock in a company, which then uses the money raised to run its business, expand, pay down debt, or buy another company.

You can either buy shares through a broker who will charge a fee, or trade on your own online. The advantage of a broker is that they follow the market continuously and should know what the stocks are doing. If you plan to trade online on your own, be prepared to study the market extensively and learn how it works as it can be confusing.

Real estate has been a popular form of investment for thousands of years and with good reason! The aim of your investment is to get someone else to pay off the debt while your asset increases in value.

The keys to this are to invest in a high demand area, don't borrow too much and be prepared to hold the property for at least five years. Always look for property in a prime location and that needs only minor maintenance or repairs that you can undertake at minimal expense to add thousands of dollars to its value.

When buying real estate, always have an expert check the property for structural soundness and don't buy anything that requires major work unless you have a builder or trades person in the family!

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About the Author

<http://www.mansionhousesecurities.co.uk/> is a rapidly growing Investment House, based in the heart of the City of London offering Business Investment Opportunities.