Invest Now for Dividends Later

No matter what age you are or even your level of employment or economic position, it may be a good idea to start preparing now, even in a meager way, for eventual financial security. Some people feel they need every dollar they make to get by from one paycheck to the next. While this may be true for some, there are others who squander significant sums on insignificant things. They could be socking that money away into an investment account that, over time, could lead to huge savings and a comfortable retirement.

It isn't hard to get started. All you need is $100 to $500 to open an account, and anywhere from $25 to $50 monthly to continue building your stock or mutual fund portfolio. In fact, a young person aged 20 could deposit $2,000 and then not another dime. In forty years he or she might have tens of thousands of dollars. The stock market has followed fairly predictable patterns since its inception in the 1800s in New York City. Although historic events like the Great Depression and several global wars have impacted its activity, the gains and losses remain fairly consistent, with most investors earning a predictable return on their investment.

Of course, no one can predict what the future holds, or whether the pattern will continue. And none of us should invest more money than we can afford to lose-just in case the world economy crashes one of these days. But with steady deposits that continue to compound and earn interest over time, a sensible and prudent investor can substantially increase the amount of money going for retirement or a dream vacation at some future point.

If you are thinking about opening an investment account, do a little online browsing for more information. Visit sites like E-trade or Scott's Trades to see how the process works. Start reading your newspaper's financial pages for details about the latest stock prices and market trends. Do a little paper trading by following the daily stock news. Instead of actually purchasing stock, however, work it out on a piece of paper by pretending to buy a certain amount of stock for the specified price and then watching to see how it performs over the following week. Chart your gains or losses to figure out whether your stock deal was successful. If you do this for several months, you will soon learn to understand more about the stock market and how to buy and sell like the pros.

Even if your budget is tight, try to set aside a little money to open an investment account from any windfalls that come your way from job bonuses, inheritances, or cash gifts. Some people set aside their annual job raise, or part of it, as part of their investment strategy. Then, as your budget becomes looser with paid-off bills or grown-up kids, you may be able to start having a standard monthly amount deducted automatically from your paycheck and deposited into your investment account. This could take the form of a Roth IRA (individual retirement account), a money market fund, a mutual fund portfolio, or individual stock shares.

It probably is a good idea to take an investment class at the community college or sign up for a financial planning seminar. Success may be just a few years away if you start now and plan right.

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About the Author

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