

Top 5 Investment Tips

1) Do your research

It is very surprising to find that many investors do not put in adequate time into researching their investment opportunities. Instead they rely on what "the experts say". Doing so may not be a bad idea at first, but in order to become a better investor you need to do your own homework and become very familiar with terms, theories and the numbers in the wonderful world of investing. Furthermore doing good solid research into an investment makes you more confident in your investment and takes away some of the worry that many people have with their investments.

2) Look to the long term

If you don't feel comfortable in an investment for a long period of time then don't bother investing in it. Look for long term value in an investment, and stay clear of "get rich quick" investment opportunities. Furthermore as a bonus, long term investing allows you to save a little on taxes. In most countries you get taxed on the capital gains you make on your investments. With careful planning and long term holding you can minimize the taxes you eventually have to pay on any gains you make in your investments.

3) Diversify

Diversifying your investment portfolio is a great way of reducing risk and the possibility of losing money. But beware that diversifying too heavily can strip away potential return on investment that you may have enjoyed. Reasonably diversifying your investment portfolio eliminates some of the turbulence and makes for more consistent returns in your investment portfolio.

4) Use your extra money to invest

Don't use money that you need to live. If you want to get into investing, it is wise to use your disposable income to invest. As you mature as an investor, then you can start using some more money from personal savings to invest. But never use money that you cannot live without to invest. In other words don't use your rent or food money to invest, because these are things you simply cannot afford to lose.

5) Set your investment goals

An important step in investing is setting your goals. What kind of money are you realistically expecting out of your investments? Some people invest for their retirement. Some invest for their kid's college. Different people have different reasons why they want to invest money, knowing exactly why is very important. The knowledge of where you want to end up with your personal finances makes it easier to choose the right type of investment and the way to go about it.

Source: <http://www.articlecircle.com>

About the Author

Sam Java is a writer for www.moneyeducate.com