

## **Start Investing – NOW! Don't Wait Until It's Too Late!**

One of the most important things women can do to ensure their financial fitness is to just start investing – now! Don't wait because time is not in your favor. And, women think we have to be perfect and know everything before we start to do anything. Many people think you need a lot to start investing, but you can invest as a little as \$10.00 per week.

It's important to understand the difference between savings and investing. Saving money won't make you rich, but it will be there when you need it. Savings are when you put your money in checking accounts, savings accounts, certificate of deposits, money market accounts, U.S. Savings Bonds, etc. Investing involves more risk, but if you make good investment decisions, your investments will yield higher returns over time than savings. Investing is when you put your money in stocks, mutual funds, bonds, etc.

Let's look at what happens when you invest \$10.00 per week at 8% beginning at age 30. At age 65 your initial investment of \$18,200 will have grown to \$99,402. That's \$81,202 in earnings. Now, let's look at what your investment would be if you started 10 years earlier at age 20. Your initial investment of \$23,400 would have grown to \$228,563 at age 65 -- \$129,161 more in earnings.

I call this the magic of compounding interest and I would give anything if someone had explained this to me when I was in my 20s and that I would have listened! But, when I was in my 20's I thought retirement would never happen to me – it was many, many, many years away. I'm encouraging women to replace the word retirement with financial independence. You get to choose the age of your financial independence. So, when you're investing \$10.00 a week for your retirement say to yourself "I'm investing \$10.00 per week for my financial independence." Investing regularly and automatically gives you the opportunity to determine the age you want to achieve financial independence.

On the other hand your savings simply cannot keep up with the cost of inflation, which is why it's so important to include investing in your financial plan. The Women's Institute for Financial Education ([www.wife.org](http://www.wife.org)) has a great online calculator to show you the effects of inflation. For example, in 1997 a car cost \$14,500 – in 2006 the cost was \$27,958; 1997 a loaf of bread was \$1.65 and in 2006 it cost \$2.11 and then there's the cost of a gallon of gas – 1997 it was \$1.19 and in 2006 it cost \$2.19. And, all you have to do is look at the price of gasoline today to know that it's a lot more than \$2.19; in our area its well over \$3.00 per gallon.

If you're ready to begin investing I recommend you consult a good financial advisor. Although it's not absolutely necessary she can also be your coach and mentor. She can assist you in identifying your problem areas, develop strategies to help you reach your financial goals, assist you in setting priorities, save you time by researching investments and help you make money with your investments.

Finding a good financial advisor might not be as difficult as you think. Begin by obtaining the names of three candidates. Ask friends and colleagues for referrals. If possible interview all three financial advisors before determining which one best fits your needs. Another resource is on the Money Wi\$e Women website under Sponsors. Questions to ask when you conduct your interviews include:

- Can you tell me about your work, educational experience, and how long you have been in business? (Though there is no right or wrong answer to that question.)
- How are you paid for your services? There are several ways a financial advisor can be paid for her services. One method is fee-based services, which is based on total assets being managed.

Another method is commission-only, which is when you pay a commission each time you buy or sell an investment. You need to determine which fee structure best fits your needs.

- How often do you or does someone from your office communicate with your clients? Your financial advisor can be your financial coach therefore you want to communicate with her at least twice a year to ensure that you keep in touch with your investments. Your relationship with your financial advisor is important in achieving and maintaining financial fitness. Remember it's up to you to know how your investments are being managed. Don't rely solely on your financial advisor without taking responsibility for overseeing your investments.
- Can you provide references of clients with needs similar to mine? Talking with other clients can be very valuable. Ask them if they are happy with the service the financial advisor provides. You might also want to ask them if the financial advisor has any strengths and/or weaknesses.

Remember, though some of these questions may sound a bit intimidating to ask, you are the one in charge. You are the one doing the hiring of someone to help manage your money. Take whatever steps necessary to assure your comfort in working with these advisors. One trick is to ask these questions over the phone when you are screening candidates. That way, when you sit down face-to-face, the potentially uncomfortable questions have already been answered.

Whatever you decide to do, don't wait! Take small steps, but start and start now!

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