

# Top Ten Investment Tips - A Woman's Perspective

McConachie Stedman  
Financial Planning

We all have financial goals for our future. You may have young children and would like to ensure you can offer them opportunities in education in the future. Or you may want to build an investment portfolio, allowing you to secure your own future and live comfortably in retirement. Whatever the goal, regular saving to meet those goals is important, but regular investing is critical.

## Making your money work harder: saving versus investing

Regular saving is a familiar concept. However saving in your bank account will only give you a few percent per annum in return. Investing can deliver much more.

## Saving AND investing

The first step towards a secure financial future is to clarify your investment goals. Once you have identified your goals, it is important to set a plan to ensure you save (and keep saving!) while investing wisely to make sure you can reach them.

One of the easiest ways to keep your saving plan on track is to 'pay yourself first'. Set aside a certain amount of your pay packet for yourself, before you pay anyone or anything else such as bills, groceries, shopping, car, phone, rent or mortgage. By setting aside a certain amount straight from your bank account when your pay goes in, you can make sure that you get paid regularly ... and on time.

## Top ten investment tips

1. What lifestyle do you want in retirement?
2. Pay yourself first
3. Invest automatically
4. Harness the power of compounding
5. Invest your savings to grow
6. Diversify your wealth
7. Accumulate wealth faster
8. Time in, not timing
9. Get some help
10. Do something

The next step is to make the most of your savings by investing it. The type of assets you invest in will depend on your financial needs and objectives. Managed funds are one of the easiest ways to put your plans into action. Managed funds pool your savings with thousands of other investors so that you can access a wide range of quality investments, expertly managed on your behalf.

An additional benefit of regular investing into a managed fund is access to compound returns. Each dollar you invest earns a return. If you reinvest that return, it earns more dollars, allowing your investments to grow much faster than it would if you simply saved into a bank account.

## How much to invest and for how long?

A popular option for regular investors is a diversified fund, which spreads your savings across Australian and international shares, property, fixed interest and cash investments. The following table is a guide to how much you may need to invest each month, and for how long, to reach your financial goals.

The numbers are based on a hypothetical fund, returning a flat 10% each year. Returns from an actual fund will differ but the table gives you a guide to what you can expect from a regular investment plan. For example, if you started an investment plan five years ago with \$1,000 and then added \$200 a month, you could now have \$15,613.

### Number of years of regular investing, following a \$1,000 initial investment

	1 year	2 years	3 years	4 years	5 years	8 years	10 years
<b>\$100</b>	\$2,242	\$3,630	\$5,133	\$6,759	\$8,520	\$14,722	\$19,757
<b>\$200</b>	\$3,445	\$6,135	\$9,048	\$12,200	\$15,613	\$27,634	\$37,393
<b>\$300</b>	\$4,648	\$8,641	\$12,963	\$17,641	\$22,706	\$40,546	\$55,028
<b>\$400</b>	\$5,851	\$11,146	\$16,878	\$23,082	\$29,798	\$53,459	\$72,664
<b>\$500</b>	\$7,054	\$13,651	\$20,793	\$28,523	\$36,891	\$66,371	\$90,300
<b>\$800</b>	\$10,663	\$21,167	\$32,538	\$44,846	\$58,170	\$105,107	\$143,207
<b>\$1,000</b>	\$13,069	\$26,178	\$40,367	\$55,728	\$72,356	\$130,931	\$178,479

This table has been based on a hypothetical managed fund which returns 10% each year (7% growth, 3% income), assuming an ongoing management fee of 1.75% and an entry fee for the initial and regular investment of 4%. All income is reinvested. *Source: Colonial First State*

## Turn your savings into earnings

Turning your savings into an investment that can allow you to reach your goals does not have to be difficult. Speak with a Financial Planner at our office to set you on your path to financial freedom.

**To find out more information, please contact our Financial Planning staff.**



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