MONTHLY NEWSLETTER

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How to save and invest your money wisely?

"Will you ever be able to afford a new computer?" "How many years will it take to double your savings?" Small amounts of money can quickly grow into larger sums, but the sooner you get started saving and investing, the better!

Saving and investing are cornerstones of financial management. To be effective money managers, you need to establish a budget, set clear specific financial goals, and understand all their investment options. Most people spend whatever they earn no matter how much it is. Setting some of our income aside for future use is called delayed gratification. We plan to spend the money eventually, but we realize we must limit our current spending so that we will have money to spend in the future.

This is a lamentable fact that our spending habits have put the national personal savings rate into minus territory! Every alert individual and family should take a close look at their personal spending/saving situation. The establishment of an investment plan is an important first step to accomplishing your long-term financial goals. Like other decisions, the determination to start an investment plan is one you must make yourself. No one is going to force you to save the money you will need to fund an investment plan. These things will not be done unless you take action to do them. In fact, the specific goal you want to accomplish must be the driving force behind your decision to begin your investment plan. Every budget should include savings. In fact, savings are the secret to financial growth and prosperity. If you want to be financially healthy, you need to treat savings just as essential as food, transportation, housing, or any other item in your budget. The reason for this is that in our world, things break, wear out, and stop working. Generally, these things happen unexpectedly—as an emergency—and if there is no money (cash) to replace these essential items, then people resort to the use of credit to take care of the problem. One of the functions of savings is to provide for these "rainy-day" events. We do not plan emergencies, but we can plan for emergencies. Savings is a very important part of that plan.

The most important rule of investing that you should never, ever forget is that the greater the return being offered on an investment, the greater the risk of loss. This is always the case—whether those making the offer tell you or not, whether it is obvious or not, or whether you know it or not.

Here are a few tips to effectively manage your money:

1.**Getting debt free.** This is the only proper foundation for investing. Develop your spending plan. Use credit and credit cards properly. Pay off your house.

2. **Saving for future needs.** Develop an emergency savings fund. Develop an accumulation fund for future purchases and expenditures that you know are coming, such as taxes.

3. **Investing your surplus.** Learn about the various types of investments. Spend time learning about mutual funds. Understand the value of tax deferment and tax consequences of financial decisions.

4. **Diversifying for safety.** Understand what you want to accomplish with your investment portfolio. Set goals—how much is enough? Spread out the risk. Remember that the Bible encourages diversification. "Cast your bread upon the waters, for you will find it after many days. Give a serving to seven, and to eight, for you do not know what evil will be on the earth" (Ecclesiastes 11:1, 2).

"Every opportunity to help a brother in need, or to aid the cause of God in the spread of the truth, is a pearl that you can send beforehand and deposit in the bank of heaven for safekeeping...Every such opportunity improved adds to your heavenly treasure."

E. G. White, Testimonies for the Church, vol. 3, p. 249