

# MAKING YOUR CASH WORK FOR YOU

Investing is the way to go to grow your wealth. Certified Financial Planner **Gerald Mwandambira** shows how you can do that



## PART 1

some of the lingo and understand major concepts.

It should be emphasised, however, that investing isn't a get-rich-quick scheme.

Contrary to popular belief, you don't have to let banks, employers or investment professionals push your money in directions that you don't understand. After all, no one is in a better position than you are to know what is best for you and your money.

### WHAT IS INVESTING?

Investing means making your money work for you. Essentially, it's a different way to think about how to make money.

Growing up, most of us were taught that you can earn an income only by getting a job and working.

And that's exactly what most of us do. There's one big problem with this: if you want more money, you have to work more hours.

However, there is a limit to how many hours a day we can work, not to mention the fact that having money is no fun if we don't have the leisure time to enjoy it.

You can't create a duplicate of yourself to increase your working time, so instead, you need to send an extension of yourself – your money – to work. That way, while you are putting in hours for your employer, or even mowing your lawn, sleeping, you can also be earning money elsewhere.

Quite simply, making your money work for you maximises your earning potential whether or not you receive a raise, decide to work overtime or look for a higher-paying job.

### 'INVESTMENT VEHICLES'

There are many different ways you can go about making an investment. This includes putting money into shares, retail bonds, unit trusts, or property, or starting your own business.

Sometimes people refer to these options as "investment vehicles", which is just another way of saying "a way to invest".

Each of these vehicles has positives and negatives, it doesn't matter which method you choose, the goal is always to put your money where it will work for you.

### WHAT INVESTING IS NOT

Investing is not gambling. Gambling is putting money at risk by betting on an uncertain outcome with the hope that you might win money.

Part of the confusion between investing and gambling, however, may come from the way some people use investment vehicles.

For example, it could be argued that buying a share based on gossip is essentially the same as gambling.

A "real" investor does not simply throw his or her money at any random investment; he or she commits money only when there is a reasonable expectation of profit. ■

**H**AVE you ever wondered how the rich got their wealth and then kept it growing? Do you dream of retiring early (or of being able to retire at all)? Do you know that you should invest, but don't know where to start? The majority of South Africans believe that saving and investing are the same thing but that is not the case. Saving is storing your money, while investing is growing your money.

The world of finance can be intimidating, but the stock exchange and greater financial world won't seem so complicated once you learn

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