Are You Ready to Start Investing?

If you ask a financial expert when the best time to begin investing is, you may get a response like, "As soon as you're able to." It sounds simple and straightforward, but there's a lot to consider.

It's important to save for the future so you have enough money to live comfortably when you retire. Government benefits like the Canada Pension Plan and Old Age Security can supplement your income, but people generally cannot retire based on these benefits alone.

You also need to rely on your own savings, and that's where investing enters the picture. Popular vehicles for investing include RRSPs, TFSAs and workplace pension plans, since they promote regular investing and are tax efficient.

Setting your goals

Retiring comfortably isn't the only objective of investing. You could have any number of financial goals to reach along the way. Here are five of the most common:

- Buying a home or vacation property
- Funding a child's education
- Purchasing a vehicle
- Making home renovations
- Taking a vacation

Maybe you share one or more of these goals, or you might have others as well. Whatever the case, investing wisely – with a strong plan in place – can help you achieve your goals.

That's where an advisor can provide immense value. Your advisor will take the time to learn about your financial circumstances and unique short- and long-term goals. He or she will also create a comprehensive, customized financial plan for you that includes building and monitoring an investment portfolio based on key factors like your financial objectives, time horizon and risk tolerance.

Things to consider before investing

At the beginning of this article we noted the best time to start investing is "as soon as you're able to." What does that mean? Before you commit your money to investing, make sure you have funds set aside for emergencies like a job loss or reduced employment income (if, for example, you shift from a full-time to part-time role). Unexpected vehicle repairs, a sudden serious illness in the family and replacing a broken furnace are other examples of emergencies where you may need ready access to cash. Many experts suggest your emergency fund should cover approximately three to six months of living expenses.

Before starting to invest, you also want to reduce or eliminate debts that charge high interest, such as a credit card or car loan, because the interest payments may impede your ability to build wealth. Sometimes you can't avoid carrying certain long-term debt obligations, like a mortgage, so that shouldn't discourage you from investing. Remember, the earlier you start, the more compounded investment growth you can generate.

Lastly, prior to investing you should be confident you can handle the ups and downs of the markets (known as market volatility). Historically, markets have made gains over time, but there are always periods of volatility where the value of your investments may decline sharply. Can you withstand short-term losses? Staying focused on your long-term investment strategy will help you avoid making irrational investing decisions that could negatively impact your wealth-building efforts.

Contact us today if you're interested in working with an advisor or want to ask any questions about investing.