

Invest your Money

Why should you invest?

Working as a salaried employee, a businessperson, or a professional allows you to earn enough money to live comfortably. And when you've met all of your immediate necessities, you're probably left with a little extra money. What will you do with this extra money? Do you enjoy luxuries? Do you keep it in cash or in your bank? Or do you use it wisely to generate a reasonable return?



This is when the question of 'how to invest money' comes into the picture.

Investing your money is just as essential as earning it. Careful investments help you protect your financial future by achieving your now and future financial goals. Investing helps you build an additional source of income and create greater opportunities.

Types of investments?

If you are thinking about investing, it is necessary to understand the types of investment plans available. They could vary based on the risk of investment offered by the plans: low-risk, medium-risk, and high-risk. Let us understand this in detail below:

1. Low-risk investments

These are investment instruments that provide you with fixed returns. The returns are free from market volatility. As an investor, you will know the amount you will get back from the plan at the time of investment. If you have a low risk appetite or want to invest for your non-negotiable goals, such as your child's education, you may consider investing in these plans. Some low-risk investment plans include endowment insurance plans, fixed deposits (FDs), etc.

2. Medium-risk investments

These investment plans offer some risk but can provide higher returns to investors as compared to low-risk investment plans. Such investment instruments are best suited if you have a medium-risk appetite and are looking for decent returns on your investments. Although the returns are not guaranteed, you can calculate the estimated returns they can get. Some medium-risk investment instruments include ULIPs with multi-asset funds and fixed-income funds.

3. High-risk investments

These investment plans involve a high degree of risk but can also provide very good returns in the long term. Examples of high-risk investment plans include equity stocks, equity-based mutual funds, and a ULIP plan with equity funds. These instruments are highly prone to market volatility, and their returns can fluctuate a lot.

As an investor, you should only invest in high-risk investment instruments if you have a high-risk appetite. Also, it is important to have a good knowledge of the market and its functioning before considering investing in these instruments.

Where Could Invest Your Money?

There are various investing options available. You can either keep your money at home or invest it in:

- Insurance plans
- ULIP Plans
- Mutual funds
- Fixed deposits,
- Real estate
- Stock market
- Commodities
- Derivatives and foreign exchange
- New class of assets

Each of these investment options has distinct advantages, and it is up to you to decide where you should invest your money and how to make use of these possibilities to achieve your financial goals. While executing this, keep in mind your needs for liquidity, wealth creation, and so on.

Income growth, capital protection, and life insurance are all options.