

THE IMPORTANCE OF INVESTMENTS FOR YOUNG PEOPLE

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Young people today face many diverse aspects of adult lives. One of these is investment. Investment is a kind of act where assets are purchased which helps an individual to earn profit in the future. In other words, it means investing your money to make more money.

The purpose of investment is financial security in the long run. The more early you invest the more profit you can avail out of your money. But is this common among young people? Do they consider it necessary?

Young people face a huge selection of products and services, as well as almost the same number of firms and suppliers who sell them in different volumes. Fortunately, deciding which investment is the best is not as difficult as it might seem. Around two-thirds have not started investing, said a report by GYC Financial Advisory [2].

GYC Financial Advisory polled about 1,000 young people from July to October 2015 in Singapore. The results of the survey showed that only 16 % of the respondents invest. 75% said they could afford to invest between \$100 and \$500 a month. According to Forbes, for 66% of people aged 18-29 investing is intimidating. According to Capital.com, 52% of people between 21-36 prefer keeping their savings in cash. Two-thirds of the respondents would like to invest into companies making a positive contribution to society. The top five stocks invested in by Millennials are Apple, Facebook, Amazon, Tesla, and Netflix [1].

While their income is low, young adults have a time advantage which allows to generate wealth over time. A single \$10,000 investment at age 20 would grow to over \$70,000 by the time the investor was 60 years old (based on a 5% interest rate).

An investor's age influences the amount of risk he or she can withstand. They have years to study the markets and refine their investing strategies. With the increased risk they can overcome investing mistakes because they have the time needed to recover, so they have the flexibility and time to study investing.

The younger generation is a tech savvy one, able to study, research and apply online investing tools and techniques. Online trading platforms, chat rooms and financial and educational web sites provide countless opportunities for both fundamental and technical analysis.

Since the ability to earn wages is fundamental to investing and saving for retirement, investing in oneself - by earning a degree, receiving on-the-job training or learning advanced skills - is a valuable investment that can increase their ability to earn higher future wages [3].

The most important decision you can make as a young person is to get into the habit of saving regularly. What you invest in matters less than the fact that you have decided to invest. The right investments for you are going to depend largely upon your personal investment objectives, risk tolerance, and time horizon. If you do thorough research and keep your head on straight, your chances of long-term success increase.

References

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