



RESERVE BANK OF MALAWI

ANNUAL GLOBAL MONEY WEEK 10-17 MARCH 2014

INVESTING MONEY

You may be thinking to yourself: 'Why should I start investing now when I have about 40 years before retirement!' The earlier you start investing, the easier it might be for you to save the amount of money you will need to live comfortably once you have left the workforce. If you begin to put your money to work for you when you are young, each day is an opportunity for growth that someone 5, 10 or 15 years above your position lost.

This is not to say that people in their 30's or older should not invest their money. They can and we are encouraging them to do so regardless of the fact that they will have less time for their money to grow. When you begin saving and investing in your youth, preferably as soon as you begin to make money, time is on your side. Another good thing about investing while you are still young is that it gives you the chance to make riskier investments that, in the long run, could end up giving you great returns.

If you want to live comfortably and retire with a nice nest egg you must begin investing early. As we commemorate the Global Money Week we would like to share with you, young people and the general public, on how you can venture into a world of investments. The following tips might help to realize your dream of becoming a billionaire one day:

Understand responsible money management skills and practices

Before you can jump into the world of investments you must first have a firm grasp on how to manage your money from day-to-day. Investments should not be looked at as a get-rich-quick plan, rather a long term strategy to grow your money. For this

reason you have to be able to save, spend and survive each day of your life. Before you invest, establish deliberate and regular savings and practice good money management skills.

Establish financial goals

When you are just starting out on your own there are many things you probably wish to accomplish. You may want to start a family, buy a home or a car. It is important to establish and consider both short and long term goals in order to appropriately allocate your money.

Retirement is not that far away

Very often when we are younger we think we have a lifetime to begin growing our money. Unfortunately if you let life guide your money decisions there will always be something that requires your attention. If you begin saving your money and investing it wisely in your youth you do not become accustomed to spending that cash. If you put the money to work for you in your youth, you may be able to retire much earlier than you would if you delay saving to invest.

Learn about investing

This is not a venture you should jump into without first learning as much as possible from reliable sources and the more knowledgeable others. Just as your money can work for you, you could also make unwise decisions which could cost you big time in the long run. While it may be tempting, especially in our youth, to make risky investments, it is important to understand exactly how much risk you are willing to take. Find a mentor or ask your parents or other trustworthy adults for advice before you step out on your own.

Invest what you can afford

Avoid early withdrawal penalties or losing growth opportunities by investing only what you can afford. Investments should be considered for the long haul, not a place to put your cash for a few months until you need it- that is why you keep cash in short term savings vehicles. If you are putting too much money in investments and don't have enough to survive on each day, consider re-examining your budget to get the most for your money.

If you do not invest, save somehow

If for whatever reason you decide you're not quite ready to start entering the world of investing, you should at least try to start saving money some way while you're in school or college. It doesn't matter if it's through a savings account. It can be important to have savings, whether it's for your retirement or to give you an extra cushion in case a financial emergency comes up.

Money can definitely be tight while you're young, but every little bit you manage to save will be a good thing in the long-run. Once you're able to build up your savings account, you can take some of that money out and use it towards some sort of investing. The sooner you're able to start one, the sooner you'll be able to get going on the other.

If you have some questions on how you can develop a saving and investing culture; take more control of your money and be financially healthy, do not hesitate to contact:

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