

# Safe Ways To Invest Your Money

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No matter your age, investing your money is a great decision. The best advice in history may be “use your money to make more money.”

There are many places to put your hard-earned cash, many options that are vying for your money, but which ones are the safest? For a new investor like you—or an experienced investor looking to find more low-risk options—choosing carefully is an excellent decision.

How you invest your money depends on how you plan to spend it. If you want to save for retirement, stocks are an excellent choice. If boosting your income is your priority, diversifying your portfolio with other investments may be an excellent choice. And if you want to start an emergency fund or save for a new car or house, then a savings account is your best bet. With it, you can protect your money and build interest.

There are many options; it’s crucial to know what to look for before you open a savings account or invest in stocks. Here are tips and definitions that may help.

## Retirement

Saving for retirement is about accumulating wealth over a long time and creating enough money to support you in your older years. When you have planned for your retirement, you will have less worry and more joy.

People often reach retirement and do not have enough money to support themselves, so they must continue working or struggle financially. During this time, mounting medical bills may put a tremendous strain on their well-being.

## **Short-Term Savings**

Short-term savings encompass money you plan to use in one to five years. For this, you will want to do the following:

### *Keep Your Money Safe*

Stocks vary wildly depending on the market, so they are not the best idea for your short-term savings. For instance, if you are saving for your dream vacation, putting all of your hopes in stocks is dangerous as they go up and down. You do not want to be a few weeks near your vacation and the stocks drop.

### *Get a Return*

Putting your funds in a savings account that earns interest may benefit your future. While you could put your money in any savings account, it is best to shop around. You may decide to go with your bank's savings account offered, but many large banks have meager interest rates. As of 2018, the national average for savings accounts is a mere 0.09%, and some large banks have interest rates lower than this.

Often, you can get higher rates with online banks. Some may offer 1.90%, which is a great deal higher than conventional banks. There are a variety of reputable online banks to open a savings account. Before doing so, ensure these options are backed by the Federal Deposit Insurance Corporation (FDIC). This organization protects your funds up to \$250,000 in case the economy sours. If you deposit your money through a credit union, the National Credit Union Administration (NCUA) will do the same should

your bank close or some other unfortunate event occurs. The place you entrust your money should have a money-back guarantee.

### *Liquid, Liquid, Liquid*

For your short-term savings, keeping it liquid is the best idea. Because you are not saving this money for retirement, you will want it available when you need it. Many withdrawals from savings accounts, certificates of deposit, or other investment options, can be withdrawn within a few days or less. If you invest your short-term savings in assets such as a house or stocks, you will need to sell these items before receiving the money you invested. This process can take weeks to years, so it is not a great option when you need your money—and you need it now.

Excellent options for your short-term savings include the following:

- savings account
- high-interest-rate certificates of deposit (though these funds are only available once the mature date occurs in a few months or years)
- conservative mutual fund
- another investment that can be liquidated

With many of these options, you can have your hard-earned money in a couple of days.

### *Fund-Block Yourself*

As you are saving, you will not want your money too accessible.

Placing your money in a savings account or similar option forces you to transfer your cash before usage. This delay can keep a clear line between your checking and savings accounts, which can help you accrue more money because the accounts are different. Often, it is best to use your checking account for day-to-day purchases and your savings account for large expenses or retirement.

## **Types of Short-Term Savings Investments**

There are many short-term savings accounts available to you. Shopping around for the best one is important and should be done with the utmost diligence. Savings accounts and certificates of deposit (CD) are safe but have somewhat low interest rates. Bond funds are less reliable than the former but offer more interest with limited risk—so your money can grow faster over time.

## **Parting Words**

With all of these options, it's best to do your research. Many investments are available to diversify your portfolio. Other options to consider for both short- or long-term investing are money market accounts, rewards checking accounts, treasury securities, money market funds, and bond funds.

There are a variety of resources online to learn about these potential assets. Most have specific criteria, and some have restrictions. Investing your money is an excellent way to build wealth so you can retire comfortably, save for that dream vacation, or buy that car you have been drooling over for years. No matter what you have planned for that money, building assets can only enhance your finances and get you closer to financial independence.

**You have worked hard, why not reward yourself for it?**

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