FACTSHEET

Starting to invest

Investing puts your money to work. It can help you grow your savings and reach your goals sooner. Learn the basics so you can make a plan and get started.

How to invest

Planning is the key to successful investing.

First, check your income and expenses, so you know how much to invest. Set aside some emergency savings, in case you need money fast.

Then, set your investing goals and time frame. Get to know your risk comfort level, and research your options before you invest. Keep track of your investments, and get financial advice if you need it.

Set your goals and time frame

Think about your money goals — why you want to invest. Is your time frame short (up to 3 years), medium (3 to 5 years), or long-term (5 years or more)?

For each goal, write down how much you'll need and how long it will take. For example, saving $10,000 for a car in 2 years (short-term). Or $50,000 for a house deposit in 5 years (long-term).

Know your risk comfort level

Your 'risk tolerance' is your level of comfort with investing risk. That is, how would you feel if the value of your investment went down instead of up?

In general, the higher the return you expect to get on an investment, the higher the risk. The lower the expected return, the lower the risk.

Your risk comfort level depends on your goals and time frame. Also your age and health, and how you would cope if you lost money.

Research your investment options

Defensive investments, like cash (savings) and government bonds, aim to protect your money. Being low risk, they suit short-term goals (up to 3 years). If you hold them longer, their value may not keep up with inflation.

Growth investments, like property and shares, aim to grow your money. Their value may go up and down more, so they suit long-term goals (5 years or more).

Cryptocurrency is high risk. Search 'crypto' on moneysmart.gov.au before you buy.

Diversify your investments

Spreading your money across different types of investments helps lower your risk. For example, government bonds (defensive) and shares (growth).

Also diversify inside investment types. For example, choose shares in different sectors (like financials, resources, healthcare, energy).

Choose your investments

Choose investments that suit your goals, time frame and risk comfort level.

Before you invest, find out:

- how the investment works
- what type of return you can expect (income, growth)
- the level of risk (low, medium, high)
- what it costs to buy, hold and sell the investment
- if you can invest yourself or would someone do it for you
- how long you need to invest to get the expected return
- what tax you will pay on investment earnings
- if the investment helps diversify your portfolio

Ask questions, check the provider website and read the product disclosure statement (PDS).

Tip: Avoid investment scams

Be wary of anyone offering easy money or pushing you to decide fast. Scammers try to convince you the returns are high and the risks are low. There's no such thing. Hang up the phone or delete the offer.

Keep track of your investments

Check your statements. Review your plan every year to make sure you're on track.

Keep records for your tax return. For example, purchase records and statements of earnings. If you declare your tax file number, your tax return prefills.

Get financial advice if you need it

A good financial adviser works with you to understand your needs, set goals and create a plan.

Search the financial advisers register on moneysmart.gov.au to find an adviser near you.