

How To Start Investing

January 15, 2020 5 min read

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Starting an investment portfolio can be intimidating and overwhelming – which is exactly why many put off getting started. Millennials are opting out of investing at higher rates than any other generation. Driving factors include lack of accessible information, misconceptions about investment opportunities, and fear of losing money. As a result, many millennials are opting to save their money in a savings account instead of investing it.

The reticence about investing is understandable, since millennials had a front row seat to the devastating losses their parents suffered during the financial crises. But, as James Chen at Investopedia reports, today's young adults also face the "most uncertain economic future of perhaps any generation in America since the Great Depression." With job insecurity, wage stagnation, and a growing divide between the rich and poor affecting the chances for millennial future wealth, it's more important than ever for young people to start investing their money. Here are some steps to help you get you started.

1. Pay yourself first... then leave your money alone.

The first step is building the habit of investing consistently, little by little – not just when you have some extra cash. Jeremy Delk, founder of investment firm Delk Entreprises, recommends budgeting a percentage of your monthly

income to squirrel away. “Sock away a minimum of 20% of your income and put it in a separate account, ideally a different bank where it is hard for you to move money back,” he advises. That way, it’s out of sight, out of mind, and growing your investment.

When it’s hard to access your money, it gives your money time to work for you. Leaving your money alone for extended periods of time gives it a chance to rebound when the market drops.

2. Diversify your investment portfolio to minimize risk.

Even if you wholeheartedly believe in a certain stock or investment, do not put all your eggs in one basket. Diversify your portfolio to make sure you have multiple avenues to see returns. A good way to do this is through mutual funds with a financial advisor. But also consider other potential investment avenues, like startups or cryptocurrency.

You can also diversify your portfolio by picking investments with different rates of return and investing in foreign stocks. That way, even if many investments within your portfolio are doing poorly, you bolster your chance of performing well in other areas.

3. For passive income, consider real estate investment.

Real estate isn’t cheap, but if you have the funds at your disposal, buying property is one of the best ways to diversify your portfolio. David Brim is cofounder of investment management firm Bright Impact, and he says his first real estate investment paid his rent and added “landlord” to his resume. “I started by investing in a duplex,” Brim says. “I lived on one side and rented the other, which covered expenses

and gave me the experience of being a landlord. After moving out we automatically had another rental unit, which generated solid monthly passive income.” Additionally, real estate values generally appreciate over time. So in addition to earning rental income during your ownership, you’ll likely have the opportunity to sell at a higher price.

Alternatively, as opposed to buying a specific property, another great option is to put money in a real estate investment trust (REIT), which currently has an average annual return of 11.8%.

4. Check out financial experts on YouTube.

YouTube is a fantastic resource for beginning investors, with countless videos by financial experts who can explain the markets and tricks of the trade. Just be discerning about which experts are actually **DOING** the investing—with professional bios and personal stories to prove it— as opposed to “teachers” without obvious experience to back up their advice. Examples of renowned financial investment teachers include people like Dave Ramsey and Graham Stephan.

There are also many financial book summaries on YouTube, which rehash financial planning classics like *Rich Dad Poor Dad* and *The Intelligent Investor*. These summaries will help you get a grasp on key investing concepts without spending hours reading the whole books. Although, of course, actually reading the books will help even more!

5. Start ASAP!

Now that you know the basics on how to get started... make money moves! You are never too young and it’s never too early to start investing. In fact, the sooner you learn how to make your money work for you, the better. What all investors will

tell you is to use time as your best asset, because a dollar today is worth more than a dollar tomorrow.

Of course, nothing is guaranteed, so it's always a good idea to get a financial advisor, educate yourself on different types of investments, and diversify your portfolio to try different things, and see what works best for you. Despite the risk, investing rather than saving money yields worthwhile returns in the long run. The odds are worth the gamble, every time. <https://www.entrepreneur.com/article/341491>