



Three Goals of Investing – Which One is Yours?

What is the goal of your investment account?

While you may think everyone's answer to this question is "to make money," asset growth is not the only purpose of an investment portfolio. It's important to clarify your portfolio's purpose, because certain investments are more suitable for achieving a particular goal than other investments. Three common goals of investing are:

---> Growth

Growth investors basically want to increase their net worth. Stocks or funds normally fit in well to this type of account. Depending on your risk tolerance, you could choose different sectors, more or less diversification, and active or passive management.

---> Income

If your goal is to supplement your salary or pension, dependability is required, and bonds and/or dividend-yielding stocks may be a good option for you. An income-oriented portfolio needs to be less risky than a growth portfolio, since you need the money now, and can't risk the possibility of losing in a volatile market. One of the big risks of income portfolios is that they won't earn enough income to offset inflation. Find out some solutions in the chapter "Protect Your Retirement from Inflation" in The Retirement Planning Book, which you can download for free at Profile-Financial.com.

---> Divestment

Are you interested in leaving an inheritance, or would you prefer your offspring to enjoy some of your money while you are still here? Does philanthropy play a role in your investment portfolio? If so, set up your investments and beneficiaries in the most tax-efficient manner.

It is important to assess the purpose of your investment portfolio and conduct periodic financial reviews to make sure your goals remain the same, and your investments are still in line with the best way to meet those goals. When your purpose fits your portfolio, you are more likely to find success. If the goal of your portfolio is growth, read my blog on how to grow your money twice as fast: profile-financial.com/goal-growth

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