The smart money is on investments

Being savvy with your money means more than just paying off your credit card in full each month. In the first of Northern Woman's new series of articles on boosting your finances, *Jade Beecroft* finds out why you should consider investing in the stock market

There's truth to the old stereotype that women love shopping. Like it or not, we're society's big spenders. Whether it's a new handbag, shoes, lipstick, sofa, haircut or expensive night cream, advertisers see females as consumers. When it comes to saving, we're rarely encouraged to budget much further than our next big splurge or end-of-the-month treat.

As long as the mortgage or rent is covered, and our credit and store cards are paid off, we're okay. *Right?* Wrong actually, according to the growing number of female financial experts. American author Suze Orman, known as the 'Matriarch of Money', perhaps puts it best when she explains that taking a better control of your finances means better security and freedom.

On her website she says: "You're never powerful in life until you're powerful over your own money."

This financial freedom could make all the difference when it comes to life's big challenges, like getting out of an unhappy relationship or living situation, funding your children's education, being able to retire at a sensible age or even staying comfortable through an unforeseen bump in the road, such as a death or illness.

So why aren't more women getting to grips with savings plans? Perhaps it's down to another big stereotype. While women are the spenders, we also have the image of stock market moguls as stuffy older men in pinstripe suits.

The tide is turning though, according to financial planning consultant Jacqui Kyle, from Doherty PIC – Independent Financial Planners, in Belfast. The 38-year-old admits that at work-related conferences and seminars, she's still one of few women among a male majority. But there are more younger woman now working in the world of finance; and sharing their expertise with others.

"It's so important for women to take control of their money," she tells Northern Woman. "Times have changed; women are home owners and high earners.

"Having a good financial plan in place gives you peace of mind and freedom. It also means you can look forward to a more comfortable retirement – very few of us still want to be working into our 60s and 70s.

"It's never too early to start thinking about your money and start saving. We need to educate girls more, so that even women in their 20s are starting to save."

The first thing Jacqui advises clients is to make sure they are free of any debt, excluding mortgages. So that means having any credit or store cards, or loans, paid off.

If you're debt-free, the next thing she'll look at is whether you have adequate protections in place, such as life, mortgage and payment protection insurances.

Then we're into savings, which means a pension plan and emergency fund – ordinarily stashed in an easy-access high interest savings account or ISA where it can be reached quickly in the event of a sudden loss of income.

It depends on your circumstances, but many advisors say you should aim to have up to six months of your net income set aside for emergencies.

It's possible you might be reeling already by this point, and promising yourself that you'll cut up those store cards and open an ISA next month. But if you're still reading (come on girls – stick with us here!) then the next step is saving smarter, which could mean looking at investments, and that's where things get really juicy.

Understanding the stock market can seem, to an outsider, trickier than learning a foreign language. But with the right support it can be a way to make your savings work much harder in the longer term.

As a general rule, share prices will rise over time. Sure, there will be ups and downs, and the much-reported crashes. But over decades, the trend is upwards.

"Think of the price of a can of coke or a bar of chocolate 10 years ago, then think what they cost today," explains Jacqui. "That's like the stock market – the price goes up over time.

"We advise clients to look at it as their long term savings pot for the future, which may also mean reinvesting their dividends or pledging to buy more shares each month.

"If you leave your money in a bank or building society account, it will slowly be eroded by inflation. There's much more potential for growth if you invest it."

Buying shares isn't without risk, but some investment plans are riskier than others, so a good financial advisor will assess how bold you want to be.

You also want to build a portfolio that spans a number of different industries, so if there's a problem with the economy or one type of sector is hit, it doesn't wipe out all your savings.

Savvy and experienced investors may feel comfortable buying shares in specific companies; we've all read success stories of people who've make their fortune by snapping up shares in firms like Apple or Amazon at the opportune moment. But for most of us, well-performing trust funds run by reputable firms, or portfolios put together by financial advisors, are a much safer bet.

So how do you begin?

"Unless you have a sudden windfall or inheritance, you may not have a big pot of cash to invest straight away," says Jacqui. "A lot of people get started by pledging to invest a percentage of their income each month into a portfolio instead.

"When the market dips, you can look at buying more stocks at a lower price. But in the meantime, you can drip-feed your money into the stock market. It's a good way of dipping a toe in.

"You can start saving at a rate that's comfortable for now, and then review it in six months or a year, as your circumstances change.

"And remember that not every fund will do well forever, so your advisor should review your portfolio regularly."

If you want to start an investment portfolio, experts agree that it's important to educate yourself. Northern Woman is a big fan of Suze Orman's no-nonsense podcasts, or you can follow finance blogs and news websites.

Many financial advisors offer their initial consultation for free, and will run through your finances before giving you a suggested starting point. Make sure you look for one who understands where you are in your life and what you want to get out of it. You can then expect to pay a fee for investments made on your behalf, which may be around 3%.

Above all, stop viewing having a financial advisor as an extravagance, or something that only wealthy people do.

"We have no problem shelling out for a regular haircut or beauty treatment," Jacqui points out. "Keeping your finances in good order should also be second nature.

"Get into the habit of saving and it will last you a lifetime." NW