Investing in the Future

Takisha Rodgers

[Institutional Affiliation(s)]

Author Note

3 Ways of Investing in One’s Future

Investing in the Future

It can be easy and enjoyable to spend all the money we make or receive in buying whatever we want and simply not think about our futures. That's a pity as there are numerous reasons to save for one's future. Even before retirement age, there can be serious problems that may require one's attention in the next moment, like a medical emergency or repair expenses for your home or vehicle. Saving is not about setting aside a few guineas, it is about breaking that grueling paycheck to paycheck cycle, or acquiring the ability to purchase some noteworthy long-term asset without incurring serious debt issues. Also, a lot can happen, like we can lose our jobs, incurring a crushing loss in our business, or even become disabled and unable to work due to an accident. In this essay, we will discuss ways to avoid such a problem by learning to invest in multiple commodities to safeguard our futures against such financial calamities.

The first and most common way of investing in one's future is by opening an Individual Retirement Account, or IRA (Moyer, 2019). There are two types of IRA, Roth, and Traditional. Also, you can get tax-free withdrawals in the retirement age. The additional advantage to these accounts is that the IRS does deduct any amount in place of taxation. This lets the investment grow on a tax-deferred basis which compounds your investment over time. Another way to invest your money for your future is by participating in employer-sponsored retirement plans, commonly known as a 401K (Brandon Mendez, 2017). It is more or less similar to the IRAs, but in this case, the employer matches your dollar by a dollar contributed from their side. This gives an average person a lot of motivation to invest more in their future as the employer matching contributions are essentially free money contributed to the cause of the employee’s retirement fund. Finally, there is always the option of investing in the stock market (U-Wen Kok, 2018). The advantage of investment in the stocks is that the tax is charged on the appreciation of the shares only when they are sold. This can give you the same profits of tax deferral as a retirement account while still letting you access your money freely when necessary.

In my opinion, the 401k is the best method to save money for the future (Brandon Mendez, 2017). For one, it is a secure type of investment with almost zero chance of loss. In addition to that, it has the simplest mechanism that does not require excessive calculations on the part of the investor, as the funds most work for themselves. Also, the limits on the contributions of the investor are much higher and the IRS uses tax-defer basis on the funds saved through this way. Lastly, the 401k has the option of matching contributions from the employer, which can be seen as a free contribution to the funds of the investor, or employee.

The stocks are the least favored option when it comes to investing in one's future (U-Wen Kok, 2018). For one, the stocks are completely unreliable, due to the unstable bullish and bearish nature of the stock exchange. The value of stocks can fluctuate so fast that the investor may end up with empty pockets. This notion defeats the whole “securing the future” narrative due to the certain element of unreliability.

To conclude the argument, the investments for the future prevent the money from slipping through our fingers like the sand. There are many options that one can pick from. True, investing for the future is never easy, but the rewards are worth every penny. Also, by investing responsibly, we can help create a safe future for our coming generations.

# References

Brandon Mendez, R. P. (2017). The Impact of 401(k) Catch-Up Contributions on Retirement Income. *Journal of Accounting and Finance, 17*(7). DOI:10.33423/jaf.v17i7.914

Moyer, P. (2019, August 24). How to Invest for Retirement. *SavingFreak*. Retrieved from https://www.savingfreak.com/investing-for-retirement/

U-Wen Kok, J. R. (2018). Facts about Formulaic Value Investing. *Financial Analysts Journal, 73*(2), 81-99. DOI:10.2469/faj.v73.n2.2