

Why you Should Invest in Your 20s

This document contains important information and you should read it carefully and keep it safe for future reference.



CONTACT US



0203 949 1800



contact@lyncwealth.co.uk

IMPORTANT INFORMATION

The contents featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles.

Introduction

Your 20s are a time of exploration, personal growth and laying the foundation for your future, financially and otherwise.

While it may seem early to start thinking about investing, this decade offers one of the best opportunities to build wealth over the long term. By investing early, you set yourself up for financial security, to achieve your long-term financial goals and it gives you time to take full advantage of the power of compounding.

In this guide, we'll explore why investing in your 20s may be the best time to do it, the key benefits and practical steps to help you to get started.

Time is on your side

The biggest advantage of starting to invest in your 20s is time. You have decades ahead of you to grow your investments and the earlier you start, the more you can benefit from compound interest.

Compound interest means earning interest not just on your initial investment but also on the interest that accumulates over time. The longer your money is invested, the more it can grow, even if you're only contributing small amounts at first.

For example, if you invest £100 a month at a 4% annual return starting at age 25, you would have approximately £118,590 by the time you're 65. If you wait until you're 35 to start investing the same amount, you'll only have around £70,000 at 65.

By starting young, you give yourself the flexibility to retire earlier (remembering that a pension cannot be accessed until the age of 55, rising to 57 in 2028) or enjoy financial independence sooner. Investing early means you can grow your wealth enough to achieve long-term goals like buying a home, traveling, or starting a business, all while building a safety net for the future.

You can take more risks

When you're young, your time horizon for investing is long, meaning that you have decades to ride out the ups and downs of the stock market. This allows you to invest in riskier assets, like stocks which tend to offer higher returns over the long term compared to safer options like bonds or savings accounts.

Because you won't need to access this money for several decades, short-term fluctuations won't hurt you as much and you can afford to wait for your investments to recover during periods of market volatility.

You build healthy financial habits early

Investing early forces you to prioritise saving and encourages a mindset of delayed gratification. By consistently investing a portion of your income, you'll build a lifelong habit of saving, which will benefit you as your income grows. These habits of regular investing and saving compound over time, lead to greater wealth accumulation.

Getting started

Starting your investment journey can feel overwhelming, especially if you're new to the world of finance.

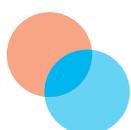
While investing early is a crucial step in building long-term wealth, seeking professional financial advice can help to ensure that you're making the best decisions for your unique situation.

One of the most important aspects of investing is understanding your risk tolerance and how to diversify your portfolio effectively. Financial advisers are skilled at helping you to figure out how much risk you're comfortable with based on your financial goals and personal preferences. An adviser will also help you to avoid emotional decisions during market downturns and ensure that your investment plan stays aligned with your long-term objectives.

New investors often fall into common traps, such as trying to time the market, chasing high-risk investments or paying too much in fees. Financial advisers can help you to avoid these pitfalls by guiding you away from get-rich-quick schemes or speculative assets, which may not align with your goals or risk tolerance.

Seeking financial advice when you're starting to invest is a smart decision that can set you up for long-term success. A financial adviser can provide the guidance you need to build wealth effectively. They also help you to develop the discipline and long-term perspective that's essential to successful investing.

Investing early is a powerful tool for building wealth, but getting professional advice early on can make all the difference between just growing your money and truly optimising your financial future.



Investments carry risk. The value of your investments (and income from them) can go down as well as up, and you may get back less than you invested. Past performance is not a reliable indicator of future results. Investments should be considered over the longer term and should fit in with your overall attitude to risk and financial circumstances.

