



Prudential Investment Managers

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Six steps to achieve your investment goals

Investing is the foundation of a healthy financial life. Although we understand this intellectually, many of us struggle practically when it comes to putting money aside for that special something. In this article, we'll offer some useful tips to help you define your investment goals and put strategies in place to achieve them.

Clarify your objective

The first step is being clear on your investment goals. There are some common financial objectives that most people strive towards, such as being able to retire from work with enough money to cover their living costs, buying a home, or being able to provide their children with the best possible education. Then there are smaller goals, such as investing towards a new car, an overseas holiday, or even a new laptop. Regardless of the goal, it's important to define what it is from the outset and identify how much you'll need to achieve it. Our [Goal Calculator](#) is a useful tool to help you find out just how much you'll need to invest (whether monthly, as a lump sum, or both) in order to reach your goal within your specified time frame.

Consider your time frame

How many months or years do you have before you would like to achieve your goal? It's important that your time frame be realistic, based on the amount that you have at your disposal to invest and the financial cost of your goal. Once you've run the numbers through our Goal Calculator, you should get a good idea of how much you will need to set aside to get there. If the investment amount that you'll need to contribute is unachievable, you essentially have two options: scale down your goal or extend your investment time frame.

Plan your steps

Once you've settled on a goal, a time frame, and the corresponding investment amount, it's time to plan how you'll achieve it. In most cases, you'll need to adjust your other monthly expenses in order to free up some money for investing. If you don't already have a monthly budget, you will need to draw one up. If you do have a budget, take some time to review it and look for ways to save. Lifestyle expenses such as eating out, clothing, gifts, and entertainment, are usually the best place to start. Whatever you do, do not be tempted to cut back on important 'grudge' expenses, such as insurance and medical aid.

Decide on which Prudential fund to invest in

Now that you have an idea of how much you'll need to invest to reach your goal, and you've restructured your budget to free up some extra cash, the next step is to decide where to invest your money. The answer to this depends very much on your risk profile and time frame. If you are investing towards a long-term goal, such as retirement, and you have a high tolerance for risk, you may want to consider increasing your equity exposure within your investment. The [Prudential Balanced Fund](#) is a great option while still complying with the asset allocation limits outlined in Regulation 28 of the Pension Funds Act. Alternatively, for shorter-term goals with less risk, interest-bearing funds such as the [Prudential Income Fund](#) may be a more appropriate option. Try our [Fund Selector](#) tool to see which Prudential fund is best suited to you given your investment profile.

Make it automatic

Assuming that you're able to free up some extra cash to put aside every month, and you know where you'd like to invest it, the best

thing you can do is automate the process. Set up a monthly debit order to make your savings automatic so that this process isn't influenced by external factors, such as emotions or impulse purchases. The good news is that you'll need as little as R500 per month to invest with Prudential. Best of all, if you're ready to start now you can [set up a new investment online](#) in under 10 minutes.

Track your progress

It's good practice – and can be very motivating – to check in and measure your progress regularly to make sure that you're still on track. However, it's important to remember that if you are invested in the stock market (equities), your total investment amount will fluctuate depending on market ups and downs. This volatility is generally smoothed out over time, so don't panic and change tack when the market is down, as this can permanently lock in losses. Consistency and a calm temperament are the keys to long-term success. Once you've opened an investment with Prudential, we'll issue you with an online account that will allow you to monitor and manage your investment online. Thereby making it that much easier for you to track the progress of your investment.

For more information, please feel free to contact our Client Services Team on 0860 105 775 or email us at query@prudential.co.za.