Starting your investing journey?

Get your money in t✓ck-top shape

FMA
FINANCIAL MARKETS AUTHORITY
TE MANA TĀTAI HOKOHOKO

First things first – sort your personal finances

I have a budget and know how much I earn and spend	☐	It's a good idea to get the rest of your finances in order before you start investing. Sorted.org.nz has a range of tools to help you get on top of your money.
I can afford to allocate some money to saving/investing and still pay the bills	☐	Don't get hung up about the amount you have rather aim to be consistent. Even small amounts can make a big difference over time.
I've got an emergency fund set up	☐	Have some ready-to-use money available in case of an emergency. A savings account is the best place for this. Again, Sorted can give you some tips on this.
The other money matters are sorted – insurance, will, power of attorney	☐	Think about the best ways to protect the people and things you care about. Speak to a licensed financial advice provider for help if you need to.

Where do you want to be? Set your financial goals

I know what my short-term goals are	☐	What do I want to achieve over the next 12 to 24 months?
I know what my mid-term goals are	☐	What do you want to achieve over the next decade? Study, travel, house deposit? How much will you need?
I've thought about the long-term	☐	What do you want your retirement to look like? How much are you likely to need? Sorted has calculators to help figure it out. If you're not sure yet, don't worry. But there's no harm in starting to invest now, so you have options for the future.

Investing is typically for the mid to long term. Short-term goals are likely to be better suited to low-risk options like savings accounts and term deposits. Ask yourself, "If the market drops right when I need that money, how much of a problem will it be?"

Self-reflection - what kind of investor are you?

I know how I feel about risk	☐	Higher-risk investments are likely to generate higher returns over time, but with more chance of ups and downs along the way. If the thought of a sudden dip makes your stomach drop, medium or low risk might be more suited. You may think you know your risk appetite until you experience market volatility. If there's a big difference between the level of risk you thought you could bear and how much you can actually tolerate, you may want to rethink your risk settings.
I've thought about whether I want my investment choices to match my personal values	☐	Some providers offer ethical investments claiming social or environmental benefits as well as returns. These can help you feel good about where your money is invested but might require some extra reading to understand exactly what they're providing.

Come to terms with market volatility. Honestly, there's going to be times when things get messy. The best thing to do is take a breath, remember that the market always has ups and downs (historically more ups than downs!) and stick to your plan. If a drop in the market would cause a problem that can't be solved by waiting it out, you may want to rethink your risk settings and perhaps whether to adjust your goals in terms of how ambitious they are, how long they'll take to achieve or both.

Take the easiest first step

Consider joining KiwiSaver if you haven't already ☐ Choose a provider and fund that fits you as an investor ☐	KiwiSaver may be a good first step on your investing journey. Plus, the Government will put in 50 cents for every dollar you contribute (up to a maximum of $521.43 a year), and if you work as an employee, your employer will add at least an additional 3% of your wages or salary. Remember that your money is locked in until you buy your first home or reach 65.

PRO TIP: Compounding returns. The FMA website has the full details, but basically the compounding effect means that you earn interest on interest (or returns on returns). The longer you're invested, the more your investment earns – and over time this can really add up.
The compounding effect is particularly valuable for KiwiSaver, but it's the same principle for other long-term investments. Think of it as a bonus for sticking to your goals.

Get investing

Research your options ☐	The FMA website has information about different types of investments. Managed funds can be a good place to start. These are diversified funds, and you have a professional fund manager who manages the investment on your behalf. Sorted's Smart Investor site lets you compare different funds based on your preferences and get more info about each one. If you're thinking of using an online investing platform or app, check out FMA's guide to how these work. Feel comfortable to contact providers to ask about how the investment works, how they protect your money, the fees they charge, or anything else you want clarified.

Turn on your scam radar when considering investments offers. Anyone who calls or DMs you out of nowhere is a hard pass. Be cautious with tips from family or friends. It's fine to get their views, but don't be pressured into something that seems dodgy, or is riskier than you like. If you see something you're keen on, double check the offer is legit and from a licensed provider. If it seems too good to be true, it probably is.

Set and don't forget

Set up your investment ☐	Your provider will be able to step you through the process of opening your investment account. Setting up regular contributions (following your budget) is a good way to make steady progress, but you can start off slower and get a feel for how things work.
Check in regularly ☐	Since your investment matches your risk tolerance, and you understand the market may go up and down, you won't be obsessively refreshing your investment web page. But keep an eye on the bigger picture and think about whether your investments are still in line with your goals.

Keep it diverse when making investment choices. Diversification is making sure you have the right investment mixture. This mixture includes different asset classes (shares, bonds, property and cash) as well as different industries, sectors and countries. The less diversified you are the more likely you are to be very exposed if something happens to your investments. Most managed funds, like KiwiSaver, are already diversified Smart Investor shows what's in each fund.

Don't feel like you have to do it alone. Talking to a licensed financial advice provider can be useful to help clarify your goals and come up with an investment plan. Some advisers offer one-off consultations, so it doesn't have to be an ongoing thing if you don't want. The FMA website has information about getting advice and how to search for an adviser.