

## **Why should I start investing at an early stage?**

*Starting investment early can make your life comfortable and debt-free. Here is how.*

Whether its learning a new skill or investing your money, starting early has its own advantages. Working towards your goal early in life gives you ample time to achieve your goal and make necessary amendments, if any.

When it comes to investing, there are a host of reasons to start early. Here are a few of them.

### **Provides compounded return**

The earlier you start investing, the more returns you can earn, thanks to the magic of compound interest. A compound rate of interest ensures that you earn interest on your interest income too.

Here is an example: if you invest Rs 10,000 in an instrument that gives you 10 percent annual interest, you will earn Rs 1,000 in the first year. So, your total corpus becomes Rs 10,000 + Rs 1,000 = Rs 11,000. Next year, you will earn 10 percent interest on your new corpus, i.e. Rs 11,000. In effect, you keep earning more interest. Hence, it pays to start early.

### **Mends spending habits**

You can only spend what you have. You would generally spend more if you have more disposable income in your hand, often through impulse buying. Keeping aside a fixed amount of your monthly salary for investment early on can not only help you prevent impulse spending, but also build a corpus in the long run.

### **Boosts knowledge**

The earlier you start investing, the earlier you learn to manage your finances. Involving yourself with the actual investment process gives you first-hand, practical knowledge about how investments work, and gives you personal finance lessons early in life.

### **Improves the overall quality of life**

Putting into action a well-planned investment plan early in life helps improve your standard of living, and prevents you from taking hasty decisions during the later part of your life. It ensures a debt-free, comfortable and a financially free life, even after retirement.