



GOOD INTENTIONS CAN GO WRONG!

Why you should be cautious when taking investment advice from family and friends



NO ONE-SIZE-FITS-ALL

When giving advice, our friends and family are likely to base their position on their own lives. Your loved ones who have more disposable income than you may suggest investing in pricier shares than you can actually afford. Know your specific means and needs so that you can make the most out of every investment. Any decision you make needs to take into account your unique circumstances, for example your risk profile, your other savings if any, and your number of years to retirement. To be effective, your financial plan should be tailored to your individual needs and priorities.



HYPE DOESN'T EQUAL VALUE

The investment market is largely driven by trends and group movements. Sometimes the media coverage of quick-fix financial ventures may sway you to make impulsive decisions to invest without doing the necessary research. Markets are also susceptible to sudden movements based on negative news. It's important not to panic, and never to invest or disinvest due to emotional decisions. Trying to time the market is almost impossible, even for experts.



SHORT-TERM PERFORMANCE

An investment's short-term success doesn't always translate into long-term earning potential. Investment noise may be encouraging now, but may not necessarily serve your long-term goals. Remember that investing is a marathon, not a sprint. Also remember that any investment that promises high returns over short periods should put you on alert. Not all of these will be scams, but many are. Ponzi schemes essentially rely on family and friends to continue operating, so it is wise to do thorough research whenever a venture seems too good to be true.



Did you know?

Six out of ten people in South Africa turn to their family and friends for financial advice. When our loved ones tell us that they've come across a worthwhile investment, we are likely to assume that there is value in it.

This is especially true if those close to us have enjoyed even momentary success from these ventures. But before you sign up to buy the same shares your uncle did, or join your friend's multi-level-networking movement, there are important things to consider.

DO YOU HAVE A FINANCIAL ADVISOR YET?

The best way to make good decisions about your financial future is to be open to professional advice. While our friends and family mean well, taking advice from an unqualified person can result in monetary losses. Speak to a financial advisor about structuring your investments to keep yourself on target with your financial goals.