

[Home](#)[News](#)[Business](#)[Sports](#)[Editorial](#)[Cartoon](#)[Commentaries](#)[Columnists](#)[Parliament](#)[Letters](#)[Arts & Literature](#)[Picture Gallery](#)[Blog](#)[Jobs](#)[Political Barometer](#)[Special Reports](#)[Magazines](#)[Digital Edition](#)[Know Your MP](#)

## Toiling for Tomorrow

Last Updated on May 5, 2008, 12:00 am

By Catherine Ndioo

Joyce Wanja is not leaving anything to chance. At 32, a manager at a debt collection agency, Wanja proscribes to the lifestyle of a smart investor.

"I have been thinking about investing for a long time, but in investment you don't just jump in before enough research," she says.

Wanja's story is that of an investor who won't let any opportunity slip away and consults her personal financial adviser whenever she invests. "He knows better, and I have to consult him all the time," she said.

Last year, she took a life insurance cover. She has a daughter, so she took an education investment policy.

"We have a Sacco and I took a loan and invested and the business can bring more returns," says Wanja. She then took some money and invested in a fund management firm.



WANJA: I'm saving with a plan and my investment is diversified.

She has also joined a personal pension scheme where she intends to save for 20 years.

"That is where my money goes. I also save but leave enough to live on."

Last month, after watching investors rush for the Safaricom IPO, she bought shares, starting with just a few, which she is now keeping an eye on, but intends to make them a long-term investment.

"I'm saving with a plan and my investment is diversified, I know I will reap from my money in future," says Wanja.

Investment experts say the best time to start saving is when one starts getting an income, whether a permanent job or not. Starting the process early helps one to get used to the habit of saving.

"You start by setting your goals," says Perminus Wainaina, an investment consultant with Concept Advisory Services. "Take out a sheet of paper and list every financial goal you have in life right now. What are you saving for? What would you like to be saving for?"

### Planning

Ads by Google

[Blue Chip ETF Yields](#)

7%

How to Invest in the Large, Safe Companies That Pay Dividends

[www.DailyWealth.com/ETF\\_report](http://www.DailyWealth.com/ETF_report)

[Stocks Ready To Soar](#)

Hot News Alert, Huge Profits 1000%+ Stock Near Explosive Breakout Point

[www.otcstockexchange.com](http://www.otcstockexchange.com)

Ads by Google

[Preferred Stocks & Bonds](#)

Monthly Newsletter on what to buy by expert Columnist Richard Lehmann

[www.incomesecurities.com](http://www.incomesecurities.com)

[Investment Portfolio](#)

Open and close investments with the help of a Saxo Bank professional

[www.SaxoBank.com](http://www.SaxoBank.com)

Ads by Google

[Fund Investing](#)

Protect Your Portfolio & Multiply Your Money. Free Investing Reports!

[www.InvestorsDailyEdge.com](http://www.InvestorsDailyEdge.com)

[Real Online Work.Possible](#)

Make \$5000 This Week. Join Our Investments Program

[www.tsprofit.net](http://www.tsprofit.net)

Things that might wind up on this list are retirement, your children's education, a house down payment, debt freedom, a car or money to start a business.

Wainaina says the recommended percentage of income to put aside is 20 per cent because people tend to misuse their first income. Then make sure you are working on a plan.

"Providing for your future should be a motivator while investing," he says.

Most people erroneously think investment is only in shares. There are other options, but while taking shares make them long-term (between three to ten years) to realise better returns. Shares are, however, recommended for younger people — preferably those below 45 years old.

Wainaina says one can still structure their investment in shares as their retirement funds, but be careful because there are no guaranteed returns. "Your investment can perform so well for eight years then just when you are retiring the share goes down. Bonds, unit-linked products or even fixed deposit accounts work best for cautious investors, and older people, he said.

Most employers are in a pension scheme but if not, it is recommended to join a personal one, to secure your future.

According to Philip Nyarieko, a financial planning manager at British American Asset Managers, unit trusts linked investment products are recommended for people whose income is not constant.

"They put one in arrears if they are paid on the due date, so they help in instilling a saving culture," he says.

Unit trusts are managed by fund managers, with the minimum investment amount varying from company to company. Many people investing unit-linked products tend to achieve their goals as opposed to saving in bank accounts.

Bank accounts often don't work well as investment counters because of their low returns in terms of interest rates, and their easy access. "Normally you find somebody saving for this month, and then withdrawing the next month," says Nyarieko.

But before you start investing build an emergency fund. Short-term deposits like a Sacco or bank account will do, before investing in stocks and unit trusts.

The recommended emergency fund should be six times your salary or average monthly income.

Investing assures financial security. At the initial stage it involves denying yourself some pleasures and live within your means, because you would not want to be 45 years old and run around looking for emergency loans to pay school fees.

A mistake people tend to make in investing, Nyarieko says, is procrastination. "Most people keep saying let me solve immediate problems first, then I will start saving seriously. They wait for the time when they have disposable income which is never comes."

Wainaina says each stage of life calls for a different investing strategy, but most people are not aware of this. For example, if you are young and not investing in shares or something with better returns, you are equally badly off just like an old person investing in stocks, where they run a risk of having their life-time savings wiped out.

A young person, Wainaina says should first gain experience by exposing themselves to the various investment options available in the market.

"Old people go for stability, conservative investments like bonds, Treasury bills, and fixed deposit accounts. The strategy is to preserve the little or the much you have, nothing more nothing less," he said.

**Copyright © 2008. The Standard Group**

I & M Bank Tower, Kenyatta Avenue,  
P.O Box 30080, 00100 GPO, Nairobi-Kenya.  
Tel: +254 20 3222111, Fax: +254 20 214467. News room Fax: +254 20 3222111,  
Email: [editorial@estandard.net](mailto:editorial@estandard.net), [online@estandard.net](mailto:online@estandard.net)  
[Terms & Conditions](#)