

The Importance of Making Recurring Payments

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LONG-TERM FINANCIAL PLANNING and Importance of Recurring Payments

Long-term financial planning is essential for turning your life's aspirations into reality. Whether it's funding your child's education, starting a business or owning your dream home, a well-crafted plan is your roadmap to success. At the heart of effective financial planning lies the power of recurring payments. By consistently allocating funds towards your goals, you harness the potential of compound interest and accelerate your progress.

This article will explore how to leverage recurring payments and investment strategies to achieve significant financial breakthroughs.



Importance of Recurring Payments:

1 Consistency and Discipline:

Regular payments ensure consistent contributions to your investment accounts, helping you stay disciplined.

2 Compounding Returns:

Regular contributions, even small ones, grow over time due to the power of compound interest.

3 Budgeting:

Setting aside specific amounts regularly helps you manage your budget effectively, making financial planning more predictable.

4 Risk Mitigation:

Regular investments reduce the impact of market volatility through rand-cost averaging, smoothing out the purchase price over time.

5 Psychological Benefits:

Establishing a routine of recurring payments can reduce financial stress and anxiety, as it creates a sense of control and progress towards your financial goals, boosting your confidence and motivation.

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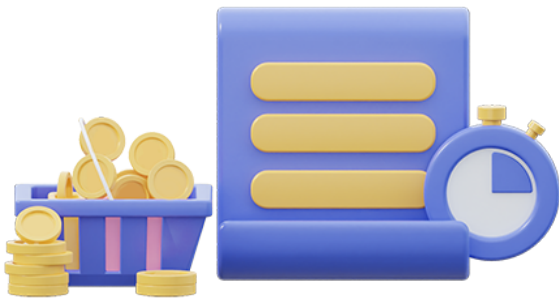
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🚩 Importance of Recurring Payments:

Step 1: Set Clear Goals

Estimate Costs: Calculate the future cost of your underlying goal, for example, university for your child will include tuition, living expenses, books and recreational fees.

Time Horizon: Determine how many years you have until you have to reach your goal.



Step 2: Create a Budget

Assess Finances: Review your current financial situation to determine how much you can save and invest each month.

Recurring Investment: Allocate a specific portion of your income for regular contributions towards your investment account.

Step 3: Choose Investment Options

Stocks: Invest in a diversified portfolio of individual stocks with strong growth potential.

ETFs: Consider ETFs, which offer diversification across various sectors and asset classes at lower costs. Look for growth driven ETFs, such as those focused on technology or healthcare sectors.



Step 4: Implement a Regular Investment Plan

Funds Contribution: Transfer funds to your investment account to ensure regular contributions.

Rand-Cost Averaging: Investing the same amount of money at regular intervals, regardless of whether the market is up or down. This strategy helps to smooth out the average price you pay for your investments over time.



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How to Invest On BROKSTOCK:

Step 1: Research and Select Investments

Stocks: At BROKSTOCK, we offer a variety of investment strategies, like Long term growth potential and Dividend driven companies. We offer investment ideas to select a mix of established companies and also diversify across different sectors to spread risk.

ETFs: Select ETFs that align with your investment goals. We offer Growth oriented ETFs such as Equity ETFs and Reits ETFs.

Step 2: Set Up Contributions

Schedule Transfer: Arrange for a portion of your income to be scheduled on your phone or calendar for a transfer to your investment account monthly.

Reinvest: Manually reinvest your interest earned on uninvested money and dividend payouts.

Step 3: Monitor and Adjust Your Portfolio

Regular Reviews: Check your portfolio's performance periodically and adjust to stay aligned with your goals. We provide portfolio metrics to keep track of the account history and performance, which includes dividend payouts, interest earned on uninvested amounts, and fees.

Rebalancing: Rebalance your portfolio periodically to maintain your desired asset allocation, ensuring you're not overexposed to any single sector, stock or ETF.



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Example of an Investment Plan:

Goal:

Childs Tertiary Education worth R1 million

Term:

18 Years

Monthly Budget:

R5000 monthly

Investment Strategy:

- **60%** in Stocks
- **40%** in ETFs

Review Portfolio:

Review and rebalance your portfolio every month to ensure it aligns with your goals and market conditions.

STOCKS

Prosus (PRX) - R750

Discovery LTD (DSY) - R750

Aspen Pharmacare (APN) - R750

Vodacom Group LTD (VOD) - R750

ETFs

Sygnia MSCI World (SYGWD) - R660

10X Global PROP (GLPROP) - R660

ISHARES U.S Technology (IYW) - R660

By consistently investing R5000 monthly with a strategic allocation in 60% stocks and 40% ETFs at an annual return of 10%, you can grow your investment to approximately R3.01 million over 18 years. This approach not only meets but also exceeds the R1 million goal.

We can't stress enough how important discipline is at achieving your goal. At BROKSTOCK, we are committed to equipping you with tools and factually accurate information on your journey towards achieving your long term financial goals.

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