

Why invest?

Most of us work hard at our jobs, whether for an organisation or in our own business (or both!). Taking some of our hard-earned money and investing for our future can be one way to make the most of what we earn.

Why not just keep our money in cash?

There's a few reasons, so before we start investing it's important to understand all about inflation (a.k.a. making sure your money keeps up with the cost of living) and compound interest (the two magic variables that can have the greatest impact on your financial return).

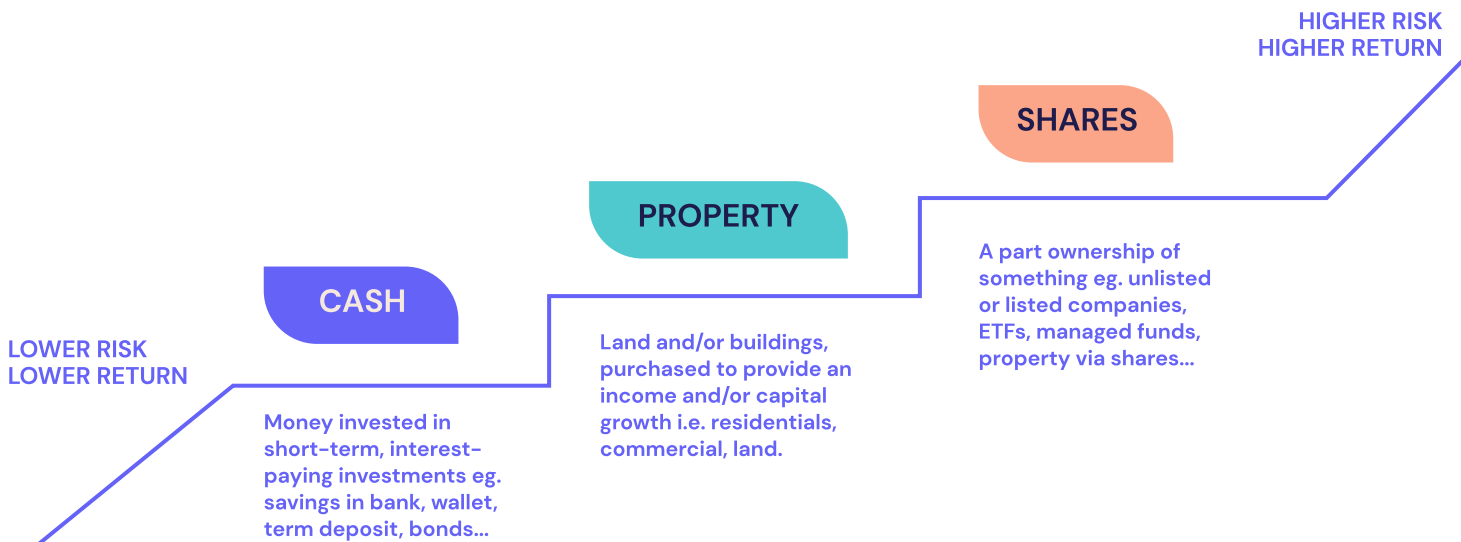
1. Learn more about inflation in Topic 5: Lesson 1 of Verve's Money & Mindset course
2. Learn more about Compound Interest in Verve's dedicated accelerator video

Exercise: Understanding the different asset classes and exploring the positives and negatives of each.

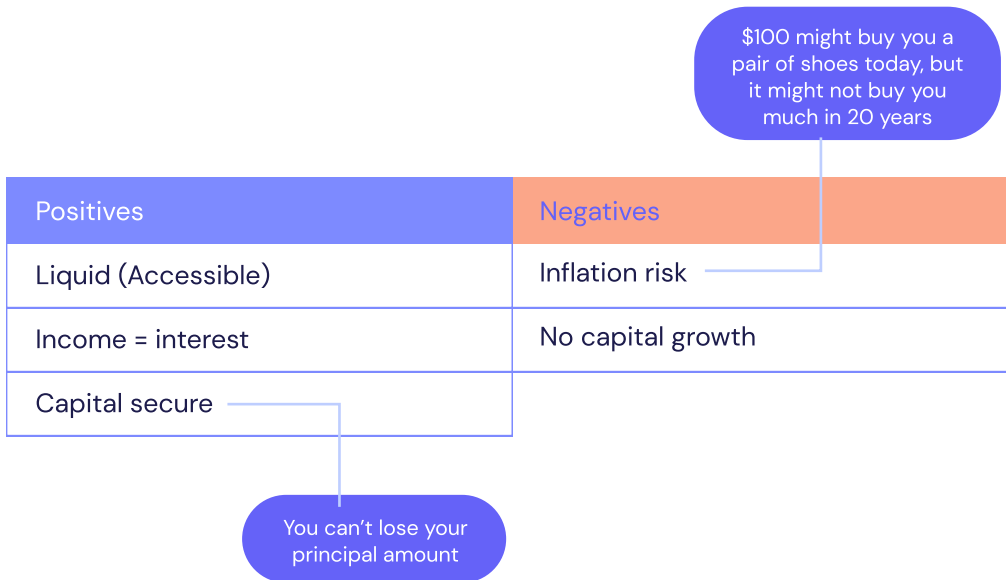
Asset Class	Cash	Property	Shares
Definition			
Benefits			
Risk			

Fancy a deeper dive? [Watch our Compound Interest accelerator video.](#) Enjoy!

Asset Classes



Cash- the risks and benefits



Property – the risks and benefits

Tangible... Aussies love property. We can mow the lawns, paint it, live in it

Positives	Negatives
Tangible	Capital loss
Capital growth	Not liquid
Less volatile	Diversification risk
High leverage	Tenant risk, maintenance cost
Income = rent	Can't sell the bathroom
	High entry & exit costs

Can make a loss... Your property is only worth what someone is willing to pay

Not liquid... Takes time to buy and sell

Leverage... generally banks will allow you to borrow a reasonable amount before requiring you to take out a mortgage insurance.

Diversification Risk... When you're starting out, property can form a big part of your portfolio

Can't sell the bathroom... if you need \$10,000 for an emergency, you can't often sell part of your property...

Shares – the risks and benefits

Capital growth... Can grow with the market

Positives	Negatives
Capital growth	Volatile
Income = Dividends	Higher risk
Can sell portion	Capital loss
Franking credits	
Secondary market	

Volatile... Goes up and down in value

Secondary market... 1000s of people are buying and selling shares through the click of a button, making shares the most readily accessible or 'liquid' than say, property.

Franking credits... Very simply put, when you receive a dividend from an Australian company who's earned income within Australia, they have already paid 30% company tax. If your marginal tax rate is 40%, you just pay 10% on that income.

Investing in cash, shares or property are only some of the many vehicles to build wealth. Check out our accelerator programs and events to explore crypto, investing in start-ups, running your own business and more.