10 Hot Money Tips

1. Pay yourself first. Set up debit orders that channel money into investments as soon after pay day as possible so that you will not "miss" the money.

2. Proceed cautiously if anyone promises you investment returns that seem too high. Trust your gut. If they sound too good to be true, they probably are. If they make promises, it is likely a scam. At the very least, the investment is too ambitious in its claims, and/or too risky or simply is quoted as a past return which has no relation to the future. You will be disappointed when the investment does not deliver.

3. Check whether the interest you are being paid is credited daily, monthly, or annually. Say you invest $10,000 for 10 years. If you receive interest at 10 percent credited annually, you will get a total return of $25,937. If it is credited monthly, you will receive $27,070. When you have choice between otherwise equal certificates, choose the one which compounds most frequently (daily!).

4. Investing on a regular basis is a good strategy, especially in volatile markets. If markets rise, your investment rises in value. If markets fall, you get more for your money, and you'll benefit when markets go up again. This is known as dollar cost averaging.

5. If you are trading shares for short-term gain, you are not an investor, you're a gambler. Don't be surprised when you are left with a large loss.

6. Don't leave large amounts of money sitting in a low-interest checking or savings account. If you are a very conservative investor, you take on very little additional risk if instead you invest in money market accounts and highly rated bonds.

7. Avoid investing in unlisted companies. These companies are not properly regulated and are the favorite vehicle of scam artists. If you decide to invest in an unlisted company, make sure you do your homework first and understand the risks. This often is nearly impossible to do. If you must, invest only a small portion of your assets, and understand before committing whether you can tolerate the worst case scenario (total loss of investment).

8. Always have an emergency cash fund. Ideally, the fund should be equal to three to six months of income. This way you will not have to sell investments against your will or take out a high-interest loan, when life does not go your way.

9. It is time in the market and not timing of the market that counts. Don't try to time markets or sectors of markets. Few people achieve financial security from doing this, and many lose money. The best way is to take the time to select investment products that have properly diversified underlying investments, and then to stick with it for the long term. Most people make the fundamental error of buying into an investment when it is at the peak of its performance, and then selling when the value has dropped.

10. Start planning your retirement at least three to five years before your targeted retirement date. This will give you plenty of time to understand all of your options, and you will not be rushed into any last-minute decisions.

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Bonus tip: If you are a true investor, you invest for the long term and you don't panic when markets fall. If you want to invest for the short term, you should stick only with highly rated bonds or even a bank savings or money market account rather than invest in the equity markets.

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