

Smart investors avoid these seven costly mistakes

Residual Edu offers look into the ways investors could be damaging their own returns



New York, New York City, May 6, 2021 ([Issuewire.com](https://www.issuewire.com)) - To grow money, it must be invested wisely. While no one is free of mistakes, [Residual Edu](https://www.residualedu.com) helps guide people to the information they need to invest wisely.

They recently compiled their list of seven costly mistakes people make when investing, a roadmap of what not to do, when entering the investment world.

Mistake #1: Investing too Early

First, investors should never invest before they are ready. When it comes to investing one common mistake made by investors is moving to market before they are financially and mentally prepared.

So before investing any money in any type of portfolio, smart investors invest in themselves.

A great place to start an investment journey is watching YouTube videos, purchasing seminars, reading books or purchasing online courses such as ["The 7 Step Wealth Program"](https://www.residualedu.com/the-7-step-wealth-program) or signing up for investment

courses at residualedu.com.

Also, any bad debts should be paid off before investing. Credit card debt or any high-interest rate loans that are taking money should be tackled, before placing money in any investment portfolio.

Mistake #2: Not Diversifying

If an investor places their money into one investment and that investment crashes everything will be gone.

It is hard to predict where this market is going so diversifying money through an 80/20 principle will help alleviate losses.

For example, if a person knows real estate, they could invest 80 percent in that sector and 20 percent in other investments such as stocks, gold, or business equity to ensure one bad move does not wipe out the account.

Mistake #3: Not Understanding the Investment

Investing in something not well understood is quite common. When savings have been sitting around for too long, people tend to get anxious and look for any opportunity to invest it.

So, when any opportunity comes along, they pull the trigger without understanding the purchase.

This also happens without conducting the right research or asking the right questions, such as “How will I make my returns? Or, What does the whole process look like?”

While trusting people and hearing different expert advice is wise, always doing diligent research before making the play will pay off.

Taking advice but not orders helps investors find ways to make smart investments and be the product of their own conclusions.

Every single investment whether small or large comes with risk. Risks should be measured prior to investing to calculate if the loss will outweigh the gains.

Lastly, when investments are not understood, unrealistic expectations for returns on investments are often made.

Expecting quick returns will only bring stress and anxiety to the investment. When investing, it's best to be as level-minded as possible or the investment will be bound to fail.

Mistake #4: Not Reading Contracts

The most important clauses to look for in a contract are the protection clauses such as any guarantees, the price, and what is received for the investment as well as any deadlines or termination clauses.

Once investing begins more frequently patterns in contracts will pop out, but wise investors remember diligence.

If there is something not understood either consulting with a lawyer or online research can be beneficial.

Mistake #5: Over Thinking It

Investing in an emotional state can lead to a bad investment with huge losses.

When investing based on what others are doing, or based on anger, fear, or excitement, it can lead to irrational decisions.

When investing make sure to be in a great state of mind to make rational decisions.

Sometimes buyers tend to pull triggers when they find great deals or when they are angry or sad.

It is often important to take a day or two to think about the decision and lay out a pro and con list to evaluate the options.

The goal is always to mitigate risk as much as possible.

The trick is to learn when decision may be over thought, but also know great investment opportunities can be missed due to a failure to commit due to fear.

So new investors should not be afraid of making a bad investment decision.

It's important to remember, the greatest rewards will lie within the learning process of each decision.

Mistake #6: Forgetting About Your Investment

Once the leap of faith is made and the investment journey begins, investors should keep track of gains or losses.

For example, investing in a 401k or an index fund and having it for years and years and not having a clue on what the annual returns are can be hugely detrimental.

But investors can keep track of net worth and growth by filling out an asset vs liability statement.

This will help users understand and make sense of returns and how to keep an investment portfolio growing.

They can be found online or as a part of [“The 7 Step Wealth Program.”](#) The program makes it easy to track investments with prepopulated items.

Mistake #7: Depending on Traditional Investments

Lastly, and most importantly one of the most common mistakes made when investing is putting everything into traditional retirement plans.

Investing an entire investment account in traditional retirement plans will increase the chances of outliving a retirement amount.

Instead, investors should look for residual income investments. Residual income investments are investments that generate a consistent cash flow.

These are investments like rental properties, automated e-commerce stores, or royalty deals. These are investments that flow in every month without labor needed.

[Residual Edu](#) has created five residual income buckets to choose from to start generating cash flow.

This program was designed to help get personal finances in shape and get users on track to investing money in the right investment buckets.

To change a financial situation, better investment decisions are key. Remembering these seven mistakes to avoid and not being afraid to get into the investment game is vital to making money grow.

Visit residualedu.com for more.

Their educational platform features courses catered to creating financial skills to help users build residual income.



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