

# [Llustrate how property and motor vehicle insurance impact your financial resource...](https://assignbuster.com/llustrate-how-property-and-motor-vehicle-insurance-impact-your-financial-resources/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

Impacts of automobile and property insurance Task: Impacts of automobile and property insurance Majority of individuals invest without giving the possible opportunities proper thought. This culminates in failure of the investor to reap optimally from the funds they commit. Therefore, it is vital for the investor to establish a plan that will guide investment. Budgeting is a critical aspect of investment since it allows the financier to make shrewd choices that will maximize relevant benefits. An investment strategy has multiple components. First, since the investment relates to personal revenue it is vital to establish once risk orientation. An individual could be risk-taker or risk averse. Consequently, establishing this fact enables an individual to choose an apposite venture that suites his/her risk orientation. Evidently, the above couple requires a low risk venture. However, such investment has minimal returns. Appraising of a venture’s risks constitutes budgeting of investments. Diverse investments have differing risks. Thus, it is essential to manage risk associated with the each venture. For an investor to optimize benefits emanating from funds committed, it is indispensable to manage the investments as they progress (Stone, 2011). Secondly, an investment strategy ought to stipulate the relevant undertakings required to ensure realization of the venture objectives. Accordingly, Mr. and Mrs. Garner should budget their finances appropriately. This ensures they have enough net revenue that will finance the venture they seek to undertake to support retirement and college for their sibling (Besley & Brigham, 2007).
Thirdly, budgeting will permit the couple to establish an investment strategy. This policy will avail prior familiarity to the couple on suitable investments. Mr. and Mrs. Garner will realize the apt strategy they require to institute to have adequate finances to invest. Mr. and Mrs. Garner should choose a venture that extends over a prolonged period. The couple seeks to invest in a plan that will finance their departure from employment. Such an investment will require budgeting to enable the couple to avail funds at apt durations. The couple ought to enrol into a retirement fund. The scheme subtract the funds required to fund the plan prior to the member receives the salary. Consequently, the couple will not default payment of the investment subscription. Budgeting is critical in investment planning since it enables the financier to avail funds timely. Finally, an investment strategy should adopt a means to appraisal of ventures. As such, the couple can monitor the progress of the venture. This evaluation examines the initial financial requirement of any investment. It is vital to evaluate the cash flows that result from the investment. The cash flow represents returns for funds committed. The return may be periodic payments or lump sums. In sum, it is essential to budget prior to investing since it avails apposite information required for investment (Forex-management, 2009). Budgeting and an investment intertwine with initial constituting a critical aspect of the later. Consequently, it is imperative for the couple to apportion their revenues in shrewd manner to ensure that they have adequate net earnings to invest.
References
Besley, S. & Brigham, E. (2009). Essentials of Managerial Finance. Ohio, OH: Cengage Learning
Forex-management. (2009). Importance of capital budgeting.
Retrieved from
http://forex-management-online. blogspot. com/2009/04/importance-of-capital-budgeting. html
Stone, R. (2011). A straightforward guide to personal investments. United Kingdom, UK: Straightforward co Ltd.