MONEY

EXPERT ADVICE

Editor's Note: The enormous drop in the stock market, the freeze-up of the credit markets and the general economic turmoil of recent weeks has investors worried big time. What should you do if you're saving for retirement? What if you've got years to go before you'll need your nest egg? We asked four local financial experts to give some advice.

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Stephen Chappell

Have a plan to buy stocks when 'on sale'

By Stephen Chappell

You've always heard of the advice of buying stocks at a low price and selling at a higher price. So do it! Buying low doesn't feel good. But you must be engaged and have a plan to buy good investments on sale. However, most investors do not want to buy stocks or bonds on sale. The investor would rather wait until everything in the economy is great or until the stock market advances to another all-time high before he or she wants to invest again. You as an investor should welcome downturns in the market. This will allow you to buy great stocks

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Vinton Fountain

Keep your emotions out of finances

By Vinton Fountain III

My best advice is to take a deep breath and relax. Once you have brought your heart rate, stress level and emotional temperature down to a manageable level, we can begin to put the current events in perspective and answer the question, "What should I do"?

One of the greatest investors in our history, Sir John Templeton, said "It's different this time" are the four most dangerous words in investing. It is never different. The headlines are different, but the crisis is the same. It comes, we panic, and it leaves many people with

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Peter Langer

Cope with the economy using these tips

By Peter Langer

Advice for current market conditions:

1. Keep your job. And if you think you are in jeopardy, start putting out feelers. Higher unemployment will certainly be part of the near-term fallout. And a lot of the unemployed will be very capable people.
2. Control spending until you have or can keep an emergency fund that lets you (and me, please) sleep at night.
3. Save.
4. If you spend and you are not someone who has more money than they could ever need (yes, they do exist and I hope each of you becomes one of these people by either having a lot or needing just a little), spend first on things that will reduce your costs in the future

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Robert Loweth

Don't lose sight of your financial goals

By Robert Loweth

To say that we have hit a "rough patch" is an understatement. I believe we cannot predict when the market will rebound, but it inevitably will. I see the economy in a recession for the next 12 – 24 months.

Here is the advice I am giving my clients:

1. If you are retired and taking retirement distributions, maintain enough cash in money market or stable value investments to support 12 to 15 months of living expenses. For the rest of your investments, maintain your current asset

SEE LOWETH

on sale. Just like a department store has sales, so does the stock market.

I know it does not feel good to buy stocks on sale. Just the same, when your mother told you to eat your vegetables, you may not have liked them when you were eating them, but you know now that those vegetables were good for you for the long term. You should continue to save each month and maintain a diversified investment portfolio. One of the worst things your can do now is sell at a low point and then try to guess when to get back into the market.

The stock market could move 10 percent in one day, like it did recently. It may take you more than two years to do that in a certificate of deposit. Of course, while the interest on CDs may not be as much, CDs are FDIC-insured while the stock market is not.

I also tell clients that they need to stay focused on the long-term perspective of their financial goals. The stock market can be classified as a "freak show": You may be enticed to watch it every day to the point you become emotionally involved. You are going to want to make investment decisions based on today's headlines, knowing good and well that you may not need the money for 10-plus years. One of the biggest risks that you will face is longevity. You may live 30-plus years in your retirement. The stock and bond markets will go up and down all the time and may be down or up in extreme cases as it is in today's economic environment. Knowing that upfront, before you invest, you should be able to watch the "freak show" with ease and know these are just some of the ingredients of investing.

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expensive lessons. Here are some of the things you can do to weather the storm.

1. Avoid emotional mistakes. Realize that it is OK to feel scared as long as you do not act on the fear. Do not sell a diversified portfolio and go to cash. It is the worst time and a bad idea for most people. Warren Buffett said, "Cash combined with courage in a crisis is priceless." I noticed he has been on a buying spree over the last few weeks.

2. Focus on the things you can control. Make sure you have a clear understanding of your goals (write them down). Verify that you have an investment process or discipline that is not transactional. Too many people fall into the trap of buying and selling stocks without grounded tactics. They speculate instead of invest. There is a big difference.

3. Make sure you have a diversified portfolio that is being implemented and monitored by someone you trust. It's OK to get help, and you should. This is not the time to experiment.

4. Finally, find the good in the world. During our election season, we become bombarded with cynicism and negativity. There is plenty of good around us; we just need to look for it.

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(energy-efficient appliances, for example) or on things that will appreciate instead of depreciate (investment property instead of a car).

5. Do everything possible to keep your good credit history or to improve the one you've got. Going forward, good credit is going to mean more than ever. The days of buying houses, etc., with mediocre credit are over for the foreseeable future.

6. Never invest money you will need in the short term. You never know where the market will be when you need the money.

7. Diversify. These events show that regardless of size and reputation, any company can fail. Diversification means the failure of a company or even a sector is much less likely to destroy your portfolio.

8. Turn off the pundits. Pundits don't make news, but they'll wring even the smallest story dry. They have time to fill.

9. Reconsider if you are planning to sell your investments. IT IS YOUR MONEY and ultimately any decision is yours to make. But selling into a market like this almost always turns out to be a bad decision.

I suggest we all wait at least a couple of days before doing anything. Then I hope that most of you would at least stay put or just make some allocation modifications. Those of you with strong stomachs or too much cash on hand may decide that the possible returns justify the risk and buy now, 'buy low'. There are certainly some bargains out there. The right answer is the one that works best for you. But to the extent possible, don't let fear do the driving for you.

It's always darkest before the dawn… so what time is it now? The answer is, "Who knows?" It is strange how much perspective changes over time. It is possible that this is just what was needed to jerk the attention of Americans from American Idol to our precarious economy. We might take meaningful action as a result of these events, actions that will make our future much more viable. In the meantime, be glad that your investments are spread over many companies, sectors and countries. This is invaluable, especially at times like these.

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allocation mix and rebalance again in 6 to 9 months.

2. If you need to sell assets, try to postpone as long as possible, and then sell in increments – some now, some later.

3. If you plan to make annual gifts, now is an opportunistic time to gift highly depreciated stocks to your children or grandchildren.

4. If you have excess cash on hand and you are prepared to stay invested at least 5 years, take advantage of low prices and invest now.

5. Lastly, at times like these, I like to remind my clients of their financial goals and how each goal is funded. For example, we try to keep 3 – 6 months of living expenses in cash. For goals 5 – 10 years away, we invest in a "balanced" mix of stocks and bonds. For goals more than 10 years away, i.e. retirement, we invest primarily in equities. As a result, we keep our short-term money in cash and avoid selling when the stock market is down.

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