WEALTH STRATEGIES GROUP'S FINANCIAL NEWS DIGEST

MONEYLINE

Follow Your Strategy, Not The Market

Courtesy of Wealth Strategies Group

Concerned about the stock market? Don't be.

It's hard not to be a little nervous when you get a statement showing that your retirement holdings have shrunk by 10 percent.

My advice is simple. Keep contributing, assuming it is still feasible for you to continue with your program despite the short-term volatility. If you have to, don't open those statements for a month or two.

There's only one caveat: If you are five years or less away from retirement and for some reason have a 401(k) that's 95 percent invested in the stock market, you are not sufficiently protected from volatility. Please consider shifting a larger percentage of your portfolio into the bond market, cash equivalents, and other stable investments right away.

Remember the rule of thumb: Consider maintaining a percentage of assets equal to your age in fixed assets not subject to stock market volatility. So a 30-year-old might have 30 percent fixed and 70 percent in the stock market. A 65-year-old might want just 35 percent in the market.

Otherwise, with more than five years for your money to grow, you are officially a long-term investor. And as a long-term investor there is no need to be focused on short-term fluctuations and even large corrections. Over time these things tend to smooth out. And time is on your side.

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