

February 2009

In This Issue

Five Ideas for Staying Sane in a Crazy Market



A key part of managing your money is managing your emotions, particularly when the stock market is going through a period of uncertainty. Being able to keep your cool is one of the most valuable skills you can have as an investor.

Stay on course by continuing to save

Even if the value of your holdings fluctuates, regularly adding to an account that's designed for a long-term goal may cushion the emotional impact of market swings. If losses are offset even in part by new savings, the bottom-line number on your statement might not be quite so discouraging.

If you're using dollar-cost averaging--investing a specific amount regularly regardless of fluctuating price levels--you may be getting a bargain by buying when prices are down. However, dollar-cost averaging can't guarantee a profit or protect against a loss, and you should consider your financial ability to continue purchases through periods of low price levels.

Stick with your game plan

Solid asset allocation is the basis of sound investing. One of the reasons a diversified portfolio is so important is that strong performance of some investments may help offset poor performance by others. Even with an appropriate asset allocation, some parts of a portfolio may struggle at any given time. Diversification can't guarantee a profit or protect against a loss, but it can help you balance risks.

Look in the rear-view mirror

If you're investing long term, sometimes it helps to take a look back and see how far you've come. If your portfolio is down this year, it can be easy to forget any progress you may already have made over the years, though past performance is no guarantee of future returns.

Think about why you made a specific investment in the first place. That can help you determine if it still deserves a place in your investing strategy. Understanding how a specific holding fits in your portfolio also can help you consider whether a lower price might actually represent a buying opportunity. If you don't know an investment's purpose in your overall strategy, now's the time to find out.

Remember that everything's relative

We believe that a successful wealth management relationship starts with clarity of purpose.

Before embarking on any plans or strategies with our Client, we first seek to develop a clear understanding of your personal and financial goals.

We then work with you to select and implement strategies that will help you move toward your goals.

Most of the variance in the returns of different portfolios is generally attributable to their asset allocations. If you've got a well-diversified portfolio, it could be useful to compare its overall performance to relevant benchmarks. If you find that your investments are at least matching those benchmarks that realization might help you feel better about your overall strategy.

Remind yourself that nothing lasts forever

Ups and downs are normal for the stock market. If you regret not selling at a market peak, or missed a bargain, remember that you're likely to have other opportunities at some point. Having predetermined guidelines for buying and selling can prevent emotion from dictating investment decisions.

One of the major benefits of working with a financial advisor is having someone remind you about the five rules listed above. We at Stage 2 Planning are glad to review your portfolio and the reasons we suggested your allocation at any time.

Warmest Regards,

Stage 2 Planning Partners

This article was created by Forefield for use with permission by Stage 2 Planning Partners.

Josh Patrick © 2009

Stage 2 Planning Partners is a member of PartnersFinancial, a division of NFP Insurance Services, Inc., which is a subsidiary of National Financial Partners Corp., the parent company of NFP Securities, Inc.

Representatives listed on this website are currently registered to conduct securities business in the following states: AZ, CO, CT, FL, IL, IN, MA, MT, NC, NH, NY, PA, RI, VA, VT, WA

NFP Securities is not affiliated with Harris-Murray