

## Investment Tips for Today's Economy

Many people are concerned about today's economic climate. Over the past year, we've seen a credit crunch, a depressed housing market, mortgage foreclosures, higher unemployment, and further devaluation of the U.S. dollar. Major U.S. stock indices are nearly 20% lower than their October 2007 highs. Should you be concerned? What should you do?

Based on my experience in the financial advisory field, I offer you these 4 strategic moves:

1) Seek objective counsel It is far too easy to allow emotions to skew your decision making process. If you become fearful of "losing it all", don't panic and move everything to money markets. Instead, discuss your fears with an experienced financial advisor – one who has weathered a few of these economic storms. Your advisor can help you dispel any myths, and discover if some of your fears are legitimate. He/she can help you develop a sound plan.

2) Adopt an investment plan that fits YOU Your individually tailored plan needs to fit your time frame, your risk tolerance, your tax situation, and your income needs.

3) Diversify A good investment plan will have diversified investments. This means holding various investments that tend to respond differently to various economic conditions. The traditional example is stocks vs. bonds. Normally, when stocks go up in value, bonds will go down, and vice versa. If you have a well-diversified portfolio, you may hate one investment and love another, but the average return of your entire portfolio will be a relatively smooth ride. That's the purpose of diversification. Your advisor should construct a well-diversified plan that gives you both potential for growth in good economic times, and a cushion for hard times.

4) Regular reviews Finally, you should review your investment plan regularly – at least every 6 months, or when you have a major life change. Have your plans for your life changed? Do your investments still fit your plans? Are there better alternatives available?

Above all, don't make knee-jerk decisions to sell – or buy - any investments. And, if your investments have seen a dip lately, consider this: The S&P 500 Index has

fallen for 3 consecutive months (November, December, and January) for the first time since February 2003. From Feb 2003 to Feb 2004, the S&P index gained 39%. There is hope for a bright economic future!

The author, Stephen Werner, is a Registered Investment Advisor Representative and president of Covenant Financial Planning. He has been in the financial advisory field for over 19 years, and lectures on topics relating to Biblical Stewardship and Biblically Responsible Investing. He holds several securities licenses in Michigan, Indiana, Pennsylvania, Florida, and California.

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