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New Attitudes About Money

The days of non-involvement with your money and your advisor are gone. You need to inspect what you expect.

If we have learned anything over the last few years about money, it is that things change, and that we need to pay attention and stay involved with our money. Let me explain, during the Bull years of the 90s, it seemed as if everyone was making money. It didn't matter if you selected an investment or your broker did, most stocks and mutual funds enjoyed profits and strong returns, the strategy used most. Back then it was buy and hold. It was rare to change those holdings, especially if you were still working and earning a living. Occasionally, if you were nearing retirement you would consider adjusting your mix to have less risk and maybe a little more income. But then everything changed. The tech stocks tumbled, the accounting scandals started, corporate insiders took advantage of their positions, the stock market closed down for a week and all of a sudden it appeared as if no one understood what to do to make the bleeding stop. For most of us, we watched our 401(k)s head down to a 201, we witnessed hard earned money disappear off of our monthly statements and we may have panicked and sold our positions thinking that cash was a good place to be.

Needless to say we all stopped in our tracks and have since been trying to assess what to do, how to do it and also figure out who to trust. In the intervening months we have also talked to others, compared, read and attempted to figure out where to start.

So let's do it. Begin by taking stock of what you have done so far wondering how much longer you may have to work or you want to work. Ask yourself some tough questions such as what would I do when I stop working? Would I stay here? What kind of balance am I looking for? Who else am I responsible to or for? What else do I enjoy doing?

Now you're probably wondering what all of this may have to do with your money. Well, if you have an idea of where you'd like to go, or what you'd like to do and how much time you have left to plan before you start, it makes any investment advisor or financial planner's job much easier. We can start to help you plan with an end target in mind, and from there determine your road map and subsequent course of action. We can help you determine if what you are doing is adequately working or offer up some advice and suggestions for improvements. We can help to assess if there will be any shortfalls and how to handle them ... in other words, provide a second opinion. But you also have to stay involved. You need to have very realistic expectations, a strategy that is written out, and a willingness to learn a little more about money and the markets. You may also need to be disciplined about saving money and reviewing your progress. Think of it as a check-up, similar to your semi-annual doctor's visit. Also try to understand how much risk you want to take or what makes you nervous and uncomfortable.

The days of non-involvement with your money and your advisor are gone. You need to be accountable for decisions that potentially will affect the rest of your life and how you will live. SW

10 Ways to Maintain Your Financial Focus

1. Prioritize your goals
2. Have realistic expectations
3. Create a sensible written strategy
4. Design a risk adjusted portfolio
5. Know your risk levels
6. Set a time horizon
7. Diversify your holdings
8. Be disciplined
9. Review investments regularly
10. Have a long-term strategy

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