

# THIS WAY FORWARD

## YOUR WEALTH



### Make Financial Decisions for the Long Run

>>> *How a wealth of information, misinformation, schemes and emotions can negatively impact your investment strategy.*

By *Lori R. Sackler*

Investors have, at their fingertips, a plethora of financial information. While staying informed and conducting research is imperative, it is also important that investors remain savvy and avoid being swept away by misinformation or with schemes that likely are too good to be true.

Keeping one eye on the markets and the myriad variables affecting them, portfolios should stand the test of time.

One way to do this is through diversification, a basic component for steady, long-term growth. A diversified portfolio should include a range of asset classes from fixed income and alternatives to emerging market investments, all of which can help mitigate market volatility. As one investment zigs, the other may zag.

Another must is to withstand herd mentality, especially when

fluctuations hit the market. Can we stand tall when everyone else is heading for the exits? It is in our best interest to take a long-term view that is directed toward our individual goals, not blindly follow what others are doing.

Evaluating our tolerance to risk is essential. I see how investment risks can be compounded or minimized depending on where we stand with regard to our ultimate goals. For example, investors who are quickly approaching retirement may be

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reluctant to take on high-risk ventures, while others who are years or decades away may find them tempting. Adjusting to changing conditions may be necessary, but should be done after thorough research based on facts, not emotions.

Nonetheless, each month and sometimes even each week brings new issues that we must evaluate in terms of the impact on our personal finances.

That means investors should remain flexible. As our life situations and cash flow needs shift with time, so do global markets, interest rates, and tax policies. Taking economic indicators into account as we chart our investments can allow us to respond appropriately.

What's the latest news with the Federal Reserve and interest rates? What's happening with the housing market and what does that mean for my property values? Will the stock market, now experiencing all-time highs that seem to last only a few days or weeks before hitting a new level, continue on its upward climb, or will it suddenly crash?

Ensuring that investors are making informed financial decisions based on reliable information instead of emotion or opinion is one of keys to successful investing, and works best over the long run. One must build his or her investment portfolio using thoughtful strategies that will last well into the future – an essential for long-term success. **NJB**

#### About the Author

*Lori R. Sackler, CFP, CIMA, is a senior vice president, senior investment management consultant, and financial advisor with Morgan Stanley Wealth Management in Paramus. She can be reached at 201-967-6267.*