

WORK

Five tips help fitness

YOUR financial health is just as important as your general health.

So when setting your New Year's resolutions, remember to consider your overall financial picture and look for any room for improvement.

There are five financial New Year's resolutions that I feel are extremely important for investors to be aware of when considering their hard-earned savings and investments.

■ Know how much you are paying on your investments. It seems that in the investment industry fees are not explained properly by many advisors, therefore investors are in the dark in terms of how much they are paying for their portfolio to be managed. I believe in transparency and your advisor should be able to tell you exactly how much you are paying. Also, remember to ask if there are any hidden fees.

■ Sell losing stocks. It is not what you buy but what you don't sell in your portfolio that can really hurt. There will always be some losers that you or your adviser choose, but it is important to recognize a bad holding and get it out of the portfolio before it creates any major damage. For example, holding a stock



Making Cents
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like RIM, which is down 70 per cent this year, would have been a mistake. Losses should be cut as early as possible.

■ Believe in active management. Buy and hold worked in the '90s when markets seemed to only go up, but the world has changed and we have seen increased volatility, including two major bear markets in the last decade. It is important to recognize that a strategy is needed in order to deal with current market conditions. To effectively minimize risk one must be active in raising cash, protect portfolios when markets are declining and rotate sectors if areas are not working.

■ Have a financial plan. Although this term is thrown around quite a bit in our industry, it is important to

have a road map to make sure you are on track to reach your investment goals. A good, detailed financial plan will also include estate planning and recommendations to reduce taxes upon death. It is also important to update your plan when anything significant changes in your life, such as divorce, a death of a spouse, a large purchase or retirement, to name a few.

■ Turn off the business channel. It is great to keep yourself up to date with the markets and the economy, as well as political news globally. However, sometimes the media hype can make you do things that were entirely opposite of what you should have done. Some commentators can make you feel that you should be buying up the stock market or running for the hills. Ask a financial adviser or portfolio manager for their advice instead.

By following these New Year's resolutions you may have a more successful 2012.

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