

The Five Rules of Investing

1) Invest for the long run

- The more time before you need your money, the more risks you can afford to take with it. This means investing in stocks, bonds, and real estate.
- Understand your risk tolerance.

2) Balance your investments

- Fixed income (30%-40%)
 - Bonds, money market funds, certificates of deposit (CD)
- Equities (60%-70%)
 - Stocks, real estate

3) Diversify your investments

- To reduce your risk buy funds that hold a diverse group of investments rather than buying individual stocks, bonds, or real estate
 - Stock mutual funds
 - Bond funds
 - Real estate investment trust (REIT)

4) Shop around for low fees

- Choose investments that have low expenses – they are the most important indicator of how well the investment will perform
- As a rule, index funds have the lowest expenses

5) Educate yourself about investing

- You are ultimately responsible for your own investing decisions
- There are many resources to help you learn about investing

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