



# Investment Insights

Kevin Kennedy

## New Year's Resolutions For Investors

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Every New Year, people make resolutions for the coming year. Whether it's losing weight, quitting smoking, or another worthy personal goal, the New Year brings the promise of a fresh start. With that feeling in mind, here are four New Year's resolutions relating to your finances.

*Resolution #1: Make a budget and save money on a regular basis.* The savings rate in the US is among the lowest of all industrialized nations. Combine that with the fact that Social Security and company pensions are less dependable sources of income for future retirees, and the burden for providing for your financial comfort is primarily up to you. In 2003, find a way to reduce your expenses and/or increase your income so you can save money on a regular basis. Do simple things like having money deducted directly from every paycheck and deposited into your retirement account or other investment account. Start small, with an amount you know you can live without, and increase the amount every three or four months. Every little bit counts, and the sooner you start, the longer that money has to grow and compound in value.

*Resolution #2: Sketch out a financial plan for you and your family.* Now is the time many companies do strategic planning for the coming year. Do the same for your financial picture. Map out action steps you can start taking this year to realize your financial goals. There are many financial calculators available online to help you run some basic projections on how your plan might play out over time. Check out Kiplinger's online calculators at <http://www.kiplinger.com/tools/> to help you get started planning. To draft a more comprehensive plan, hire an investment advisor or financial planner who can guide you through the multitude of savings and investing options to maximize your chances of financial success.

*Resolution #3: Don't let popular opinion dictate your investing strategies.* The past three years have been devastating for investors who invested based on cocktail party chatter or tip sheets. Reading about the "Top Ten Stock Picks For 2003" in a financial magazine and pouring your hard-earned money into those stocks is not a carefully planned strategy. Three years ago, many investors traded stocks on their computers at work hoping to find a quick road to riches. Now, with the stock markets down 40-50%, those same investors have sworn off buying stocks at all. Consider your goals over the next five, ten, twenty

years, and own the proper mix of assets that will help you achieve those goals. And don't be afraid to go against popular opinion. The idea is to buy low and sell high, right?

*Resolution #4: Learn from mistakes, then let them go.* The past few years have been tough on workers and investors, and many people's financial picture is not as bright today as it was in the late 1990's. Take the time to reflect back on the decisions you made over the past few years that you may now regret, and try to learn from them. In the investing world, losing money is often referred to as "paying tuition". If you've "paid tuition", make sure you learned something that can help you in the future. Once you've done this, put the past behind you. Although we can apparently clone humans, we haven't yet figured out a way to go back in time, so the past is still the past. Yes, you should have sold at the top. Yes, you shouldn't have left your cushy job to go to work for that promising startup. Hindsight is 20/20. It's over and done with. Let it go, lift your head up, and start looking at the rest of your financial life. Forget the mistake, but don't forget the lesson learned.

I wish you all health, happiness, and prosperity in the New Year!

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