



## Thought For the Month

### “Don’t Just Invest - Develop a Financial Plan”

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So, you’ve decided that it’s time to put some money away for a rainy day. But, exactly where should you invest the money you have?

That would appear to be the prudent question to ask. However, a more important question is, “what are you saving for?” Once you determine your goals, your investment choices will be easier to evaluate.

Some people make the mistake of attempting to find a “hot” investment – one that is currently yielding an attractive amount or that has good growth potential. Unfortunately, this type of investment may also possess higher risk and, thus, may not be in line with your investment goals.

To use an analogy, generally no one automobile provides every desirable characteristic - low gas mileage, sporty look, speed, roominess, etc. If you determine why you want the car – family transportation, least expensive upkeep, status symbol, etc. – you can then more easily determine which car is right for you. Often, it gets down to balancing your priorities – i.e., you may need to give up some gas mileage to gain more legroom.

With investment vehicles, the balancing act is generally between yield or growth and stability or preservation of capital. In general, the more you want of one, the less you get of the other.

Once you know what your goals are (i.e., what you are saving for) - retirement, a new home, a child’s or grandchild’s college education, etc. - a financial professional can help you determine which investment vehicle is best suited to help you achieve your goals. These investment experts will help you evaluate such variables as your age, discretionary income, risk tolerance, and investment time horizon.

Consulting a financial professional can make the difference between just investing and having a real financial plan.

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