INVESTING WISDOM

Identifying Good Investment Advice

(NAPSA)—Advice on how to invest your hard-earned money comes in all shapes and forms. Brokers, television experts, financial advisors, friends and relatives—they all have opinions on the best way to invest. The challenge is to find consistent and useful guidance that you can rely on.

The best investment advice varies depending on each individual investor's situation and comfort levels. According to Bryan Olson, vice president of the Schwab Center for Investment Research, "Good advice should help break down the numerous investing options out there into a plan that best suits each investor. It should take into account your investing goals and style."

But how do you evaluate the advice that you receive? In order to help understand what advice is right for your investing style, here are some keys to identifying good advice and some of the warning signs for bad advice.

Good investment advice uses time-tested strategies that are designed to help you meet specific long-term financial goals. Diversity, risk, tolerance and time horizon are all well-tested strategies for developing a portfolio that meets your goals. The advice should recommend investments based on an understanding of your overall portfolio and risk comfort level and would ideally come from an advisor familiar with your financial goals.

Questionable investment advice simply gives tips on hot stocks with no portfolio context and a disregard to risk. It focuses on popular investment ideas that promise short-term wins or involves timing the market for quick, one-time gains.

Good investment advice offers buy and sell tips geared toward your unique situation and encourages a diverse portfolio that will survive market ups and downs, as well as take advantage of good opportunities as they arise. It focuses on the long-term, recognizing the fact that successful investing isn't about timing the markets, but about time in the markets.

Questionable investment advice provides the same, small selection of recommendations to all investors regardless of their portfolio. The focus is on buying into hot stocks and market momentum rather than focusing on undiscovered opportunities.

When evaluating advice, ask yourself how it stacks up to these guidelines. The bottom line is that getting good investment advice should help you understand the potential risks you are taking and what you can do to build and maintain a flexible portfolio. It should help you to remain disciplined in your investing and make decisions based on time-tested practices that will benefit over time—not from quick gains. Above all, investment advice should help you develop an investment strategy that fits your needs and style and will help your portfolio weather the markets' inevitable ups and downs.

As Olson puts it, "Good advice should be durable, sound and tailored. Ultimately, good advice should result in peace of mind for investors."

For more information about good investment advice, visit the Schwab Center for Investment Advice at www.schwab.com or call 1-800-750-9203.