

What's an investor to do?

For most investors whose primary concern is financing retirement, the current onslaught of bad news, delivered in hysterical tones, often induces unnecessary fear.

The first tip for coping with doom-and-gloom financial predictions is to check the source of the news. Many Canadian news outlets save money by filling their white space or newscasts with American stories from wire services, which leaves a lot of Canadians believing we share the same problems. We don't. Canadian regulations never allowed the so-called sub-prime mortgage products such as "ninja loans" – shorthand for borrowers with no income and no job – or "liar loans," the nickname for loans made to borrowers without checking their income claims. U.S. bank failures and the resulting chaos can be traced directly to this lack of prudence.

By contrast, the World Economic Forum called Canada's banking system the soundest in the world giving us a 6.8 on a scale of seven, in its October 2008 report on global competitiveness. Canada led the way for stable banking nations ahead of Sweden, Denmark, and the Netherlands. The U.S. was ranked 40th.

For meaningful economic information, talk to your financial planner and review "Your Financial Hike". Have your circumstances changed since you made your investments? Do you need your money within the next three years? Everyone's circumstances differ, and there may be real reasons to tinker with a portfolio during a volatile market – but fear isn't one of them.

Remember that investing isn't gambling, and it isn't stock-flipping, it's a strategy for beating inflation over the long term.

Don't forget that one person's crisis is someone else's opportunity. For young investors with a built-in risk tolerance of not needing the money for another 40 years -- market downturns are an opportunity to make good buys on undervalued stocks and hold them over the long term. When investment gurus say the best advice is to buy low and sell high, they mean buying into just the sort of frightening market that characterized 2008.

Generally, even the most anxious investors are ill-advised to cash-out of a bear market. However, that doesn't mean there aren't other things they can do to improve their personal finances. Billionaire fund manager Stephen Jarislowsky, a child of the Great Depression who is now worth an estimated \$1.2 billion, advises individuals to work aggressively to reduce debt, the greatest financial weakness for most Canadians, and to eliminate "silly" spending. The best hedge against financial disaster, he's often quoted as saying, is to maintain a modest standard of living as your income increases and save more.

For further information and support, please contact your financial services representative at Nelson & District Credit Union or Investment Advisor at Allard Insurance Agencies Ltd.

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