

Tip of the Week

July 28, 2008

Eating at the Fair

If you are thinking about making healthier choices at the county and state fairs, you may want to check this out. The calories and grams of fat for the funnel cake and fried candy bars are truly amazing – especially when you consider it is just one of several items consumed during a visit to the fair.

Unhealthiest carnival food (Newsweek): <http://www.newsweek.com/id/144096>

Here Are 13 Tips to Help You Invest Wisely

By following a few principles, you are more apt to invest wisely. Here are 13 tips to help you increase your investment knowledge and confidence, provided by Pat Swanson, CFP® and families specialist with Iowa State University (ISU) Extension's Invest Wisely Project.

By setting specific investment goals you have a road map to achieve financial success. Make your goals SMART -- specific, measurable, attainable, reviewed and time-related.

Keeping good financial records may save you money on taxes and also may keep you from worrying about finding appropriate information when you need it.

Take advantage of compounding by starting to invest today. Invest as much as you can and keep adding to your investments consistently over a long period of time.

Keeping some funds in savings for short-term emergencies is prudent planning, but taking more risk to invest is required to possibly obtain higher returns. Balance the amount of risk you're willing to take with the return you are aiming for. The higher the potential return on an investment, the higher the risk.

Diversify to help reduce risk. Don't put all your investment dollars in one investment or investment category. Decide on an asset allocation -- the percentage to put into stocks, bonds, cash -- to meet your goals.

With stocks there is the potential for price appreciation and dividends. It is important to do your homework before investing in stocks. If you don't have the skill or time to select and monitor individual stocks or sufficient wealth to adequately diversify by purchasing many different companies, you may want to consider mutual funds that pool money from many investors to purchase a basket of stocks.

Bonds provide known payments at specified times. Check the credit worthiness of the bond issuer. Investors not having the resources to diversify their bond holdings or knowledge in this area might want to consider bond mutual funds.

Mutual funds give investors many advantages. A mutual fund company provides diversification and the skills of professional managers to select and monitor the securities within the fund. Select a mutual fund with low fees and one whose investing objectives and risk level match your own.

Investors should always understand the insurance product they are purchasing and the long-term nature of the purchase when considering any annuity. Always ask your agent for an explanation of anything you don't understand. Review the contract and compare information for similar contracts, as well as comparing products.

A good way to save for retirement is to take advantage of retirement options through your employment -- especially if you can take advantage of an employer match. An individual retirement account, or IRA, is another way to save for retirement by contributing the maximum amount each year and achieving the benefit of compounding.

A 529 college savings plan is a good way to save for a child's or grandchild's education. Withdrawals are exempt from federal income tax when used for qualified higher education expenses.

The ISU Extension Invest Wisely Project provides a series of newspaper, radio and Web resources for investors. It is funded by a grant from the Investor Protection Trust (IPT). The IPT is a nonprofit organization devoted to investor education. Since 1993 the IPT has worked with the States to provide the independent, objective investor education needed by all Americans to make informed investment decisions. www.investorprotection.org. You can also check out the Invest Wisely Project Web site at www.extension.iastate.edu/investwisely for more details on each of the 13 tips above.