Preserving Wealth in Uncertain Times

The nation may be facing its most unsettled period since the Vietnam War. Violence in the Middle East … a hotly contested presidential election … a topsy-turvy stock market … miniscule interest rates … and a "jobless recovery" have all rattled investors' nerves.

A review of the Consumer Confidence Index clearly reflects their uncertainty. After rising steadily throughout much of 2003 due to an improving economy and higher stock prices, the index actually dipped in early 2004 before recovering.[1] This widely watched barometer is thought to influence the consumer spending that makes up two-thirds of the U.S. economy.

The picture was so unclear that, by late spring, the number of individuals who thought the economy was improving and the number of people who believed it was worsening *both* rose.[2]

Facing such difficult times, how can you remain disciplined and true to your financial plan?

Most important, don't panic. If you're a long-term investor with a well-planned investment strategy for preserving your wealth, stay the course. After all, does a short-term rise or fall in the stock market affect your long-term financial needs? Doubtful.

But if you're tempted to dip your toe back into stocks or mutual funds, proceed with caution. Stock volatility is on the rise again. And mutual fund ads often tout past performance you won't necessarily get, while fees and expenses cut into the return you actually receive.

A better option might be conservative-money alternatives. However, money market and CD rates remain low advantages, and insurance protection. Perhaps just what the doctor ordered to help you preserve your wealth during these anxiety-inducing times!

1) Consumer Confidence Index, the Conference Board, June 29, 2004
2) "S&P 500" is a trademark of The McGraw-Hill Companies, Inc. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in any index.