

Market volatility

Stocks climb and dive: How to manage risks

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The volatility that has been the norm on Wall Street lately has left millions of people wondering what, if anything, they should do to protect their investments.

Some advice based on thoughts from three Columbus area market experts: Jim Coons, principal of J.W. Coons Advisors; Paul Dolce, financial planner with Financial Solutions; and Brad Huffman, financial planner with Future Finance:

What should investors do when the market is fluctuating like this?

Look at your investments, the risks inherent in them and your ability to tolerate risk. If you're comfortable, don't make an abrupt change. If you aren't sleeping, your investment strategy warrants another look.

Is the market volatility teaching us any investing lessons?

People often invest based on potential return, not on the risks involved in the investment. The key to stress-free investing is a diversified portfolio with an eye toward the investor's comfort level with risk. Accept that, during a correction, you might lose some money. It's not a big deal if you're managing risk appropriately. It becomes a problem if the losses are uncontrolled and investors start acting on their emotions.

In a market like this, what's the best investment strategy for a 25-year-old?

Start now and save regularly. Compound interest over time will turn modest investments into startling sums.

Turbulent markets shouldn't be of concern and could present an opportunity.

Don't be afraid to start investing in a 401(k) or other savings plan, with the idea that the money will be used down the road. With that time horizon, these market swings should represent only blips.

What's the best investment strategy for a 50-year-old, actively saving for retirement?

Use a retirement calculator or use a financial adviser to assess your goals and whether your investments will help you meet them. It's unlikely that the current correction will hurt a well-designed strategy, but a bear market will crop up in the future, and a retirement review is a good idea.

What if I have retired? What should I do?

Your ability to sleep nights is important. Make sure your portfolio matches your tolerance for risk. If you aren't working, you won't be able to offset investment losses with earnings. You'll likely want to take a conservative approach.

Be careful when making dramatic changes to your portfolio.

There's a tendency to want to sell stocks during a down market and buy when they're on the way up. Remember that people usually spend 20 to 30 years in retirement and will need to account for inflation. A mix of stocks, bonds, cash and real estate likely should be part of a portfolio.