



# Ms. Biz Newsletter NEWS

Ms. Biz  
with all  
the biz  
a Ms.  
needs  
to know in  
personal  
finances  
and in  
life.

**Heard Weekly!**  
**1080 KRLD**  
Every Saturday  
(3-4 PM)

## **March Wealth Tip**

*Don't Forget to Make IRA Contributions! You have until April 15 to contribute to Traditional or Roth IRAs. Contributions to Traditional IRAs may be tax deductible today while contributions to Roth IRAs may generate tax-free income in the future. The maximum contribution in 2009 is \$5,000 or the amount you earned during the year, whichever is smaller. If you are age 50 or older, the limit is \$6,000. Also, don't forget that anyone with a Traditional IRA, regardless of income level, can convert it into a Roth IRA during 2010 — and the taxes due can be paid over the next two years! Find out if this might be beneficial for you.*

## **A New Perspective on Risk**

The market fluctuations of the past two years have forced many investors to think hard about their investment strategies. According to recent surveys:

- Investors' long-term financial goals generally remain the same
- Their appreciation for asset allocation and diversification has increased
- They are becoming more optimistic about economic recovery

However, a significant number of investors have discovered that their tolerance for risk is lower than they expected. If your perceptions of risk and return have changed, it's important to schedule a meeting with me.

## **Your Asset Allocation Strategy**

Even if your long-term financial goals remain unchanged, a shift in your risk tolerance makes it important to review your current asset allocation. If your tolerance for risk has fallen, you may want to:

- Add additional asset classes to your portfolio
- Increase the diversity of the investments you hold in each asset class
- Reallocate assets from more aggressive options to more conservative ones

## **Your Saving Strategy**

In general, lower risk investments provide lower potential returns. As a result, if you choose a more moderate asset allocation — one that has the potential to deliver a lower return — you may need to increase the amount you're saving each year. Saving more does not have to be a painful experience. You can increase contributions to your employer-sponsored retirement plan or make monthly contributions to an IRA or mutual fund. Setting up systematic withdrawals from a checking or savings account to your investment plan can also make saving easier.

## **Dollar-Cost Averaging**

After two years of exceptional volatility, the value of dollar-cost averaging — investing the same amount periodically, regardless of the share price — has become clear to many investors. During late 2008 and early 2009, investors could buy shares at relatively low prices. As markets rallied during 2009, share prices rose. By dollar-cost averaging, investors were able to lower their average cost per share, as you can see in the chart. The lower your cost per share, the greater the chance for gains as the market recovers.