

Make peace with 2008 and embrace 2009 realistically

The new year is a time for resolutions. However, this year before you become resolute about the new you, you may have to "make your peace" with the year just passed.

Financially, economically and politically, 2008 was one for the history books.

In this column, I will attempt to provide helpful information so that you can realistically face the future (realistically — not optimistically or pessimistically). Many of you might be "numb." You don't even open your investment account statements.

Why subject yourself to misery directed specifically at you, when you can watch the news tell everyone about it. The holidays, the election and many other diversions are over. It's time to open your statements. Prepare yourself.

This is a great time for introspection. What is truly important to you? And, what are appropriate investments for you at this stage in your life? You are older than you've ever been, and the world is at historical maximum financial volatility.

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Perhaps, you aren't cut out for this new world — not at this time. Then you've got to reflect on what appropriate changes would be in order.

More importantly, you've got to decide when the right time is to make changes. Unless you're open to locking in on a lifetime of losses, now may not be the right time.

People pay an enormous price in terms of investment returns for constant comfort. It's a mess out there and over the very near term, it could get worse. So, you've got to believe that eventually things will turn around.

Good news doesn't sell, so you don't get a chance to hear much of it. But let me give just a few "take-aways" that may give you hope. The Price/Earnings ratio of the S&P 500 is below 10 — that's dirt cheap by any historical standard! Baby Boomers are sitting on trillions of dollars — afraid to spend.

But let this "crisis in confidence" pass, and I believe you'll see the consumer machine crank up like old times.

In sectors other than automo-

biles and financial services, corporate balance sheets are in really good shape. Record numbers of companies are buying back their own stock — if no one else wants it, they sure do. Inventories are not stacked up everywhere like in prior recessions. I could go on and on.

When the Consumer Sentiment numbers are at their lowest, historically the next 12 months see investment returns at their best, although past performance is not a guarantee of future results. Right now, the University of Michigan Consumer Sentiment number is at an all time low. When you're still in a recession, you tend to get a sudden jolt and a turn around happens very quickly. Blink and you'll miss it!

So, what's the real take-away? Do some soul searching now. How much is really enough? Get the math worked out now and develop your new plan.

If you have a financial adviser, but haven't talked about your plan lately, call for an appointment today! Get a Certified Financial Planner involved so you know you're getting the best possible advice on the big picture of wealth management. Then when a "triggering event" comes along, the economy (and your account) rebounds, you'll be ready.

Finally, just as you are not letting fear drive you now, when the pendulum swings to prosperity please do not let greed drive you then.

Tommy Williams is a Certified Financial Planner professional and a member of the Ark-La-Tex Chapter Financial Planning Association, whose members contribute to this column weekly. If you have questions or topics you would like to see addressed in this space, send inquiries to Financial Fundamentals c/o The Times, Money/Business, P.O. Box 30222, Shreveport LA 71130-0222 or e-mail shreveportmoney@gannett.com.