Investing After 50

By Dr. Eva Mor

One of the biggest worries that one over the age of 50 has is what to do with your money, where to invest. Very few of us have the luxury of retiring without any worries.

There are thousands of stocks and dozens of ways to invest. We all want our money to last forever or at least as long as we need it. We want our money to grow every year and make a decent percentage yield. And, of course, we want steady income.

Now that we know what we want, it is very important to know what we do not want. It is desirable that we do all that is possible to shy away from losses and trouble.

The key to receive interest/income every single year is based on diversification. It is a good idea for one to invest 40 to 50 percent of their portfolio in fixed income and the rest in equities.

On the fixed income portion, one should have a mix that includes banks CDs, bonds, annuities (proceed with caution, ask all the questions), Zero coupons bonds or other investments. The fixed income segment will increase in value about 3 to 5 percent a year guaranteed.

>> AVOID AT ALL COST <<

1) We do not want to invest in a single stock that fluctuates sharply up or down every day. The potential of loss is high and it is not in our favor.
2) We want to stay away from high fees and high commissions; two percent or higher are too much.
3) If a broker or financial advisor promises 20 percent or more profit on an annual basis, please show him the door.
4) We do not want to time the market. Investments in the market should be for at least five consecutive years.
5) Do not put everything in one basket. Investments should be diversified in a few options.
6) Private company bonds offer high yields but they can be too risky.

On the equities portion, one should invest in the broad market ETFs index funds (Exchange Traded Funds), with very low commissions or expense. Buy a few of the ETFs to cover most of the market.

It is recommended at the age of 60 to reduce equity holdings by 10 percent every five years and shift it to the fixed income portion of your investment.

When investing for your retirement while you are still working, you can be a little bolder. But when investing after you actually retire, it is wise to be more conservative.

I think it will be wise to repeat that you should be careful. The baby boomers and their parents make a good target for all kinds of schemes, such as annuities that are unsuitable for the seniors as well as ones with over-hyped investment returns. Be careful and suspicious of any sales pitch that promises unrealistic returns, such as 12 percent or higher.

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