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## Pro advice a worthy investment

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JAN. 23, 2012

**QUESTION:** Can I do a decent job of investing and financial planning by myself?

**ANSWER:** In some areas, yes, and in some areas, no.

There are clearly some simple, common-sense areas of investing and personal financial planning that need little formal education or time. But digging deeper makes it more complicated.

These include concepts such as:

Saving early in life for later on. But, how much and where? Do you have an understanding of all the possible ways there are to save for retirement on a tax advantaged basis?

Avoiding credit for all but the most expensive needs, such as a home or a car. But, how much home can you really afford? Is a home really an investment?

Having some estate planning documents in place if you have substantial assets, children or both. But, are you aware of the ways to minimize estate taxes? Are you aware of the many methods of controlling money after you are gone?

Doing your own taxes and keeping good receipts. Do you keep up with changes in the tax law? Do you understand the many tax breaks open to small business, for educational funding and for retirement savings?

Invest in a low-cost, diversified manner. But, do you understand what diversification means? How many and what types of bonds should you choose? What kinds of stocks should you buy? When should you sell?

Avoid hot tips. But, if the people that you associate with are all "cleaning up" with real estate deals or stocks, shouldn't you do the same? Isn't the crowd often right?

The answer to your question is that I do not think you can do a good job of investing and financial planning by yourself. Considering the amount of money that will pass through your hands over a lifetime, the choices you make can have major impacts. Paying for good advice can be the best investment of all.

This is not to deny that having a decent basis of understanding is not helpful, for it clearly is. Knowing some concepts and some vocabulary makes your discussions with advisers more valuable.

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