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Understanding Investments

All of us can benefit from a better understanding of our investment accounts. The first way in which we, as investors, can educate ourselves is by reading our investment account statements. Sad to say, many of us just toss them away every month. Your account statements are an important part of controlling your investments. Some of the important details on your statement will be the "account summary," which outlines the net or total market value of priced securities; the "cash balance," which is the opening and closing cash amount for the account; the "income summary," which shows the dividend and interest income earned during the period following the last statement and over the course of the year; and "asset class summary," which summarizes all the investments in the account and categorizes them by the type of asset they represent.

After you familiarize yourself with your statement, its format, and the terms and codes used by your financial professional, look at how much you have invested in each asset class. Try to determine how much each investment is currently worth as compared with the sum you have invested in it over time. As an investor, you need to know whether your investments have grown, decreased in value or held steady. Look at the section of your statement that shows the charges or fees debited from the account. If there is any information or irregularity that you do not understand on your account statement, contact your investment professional immediately. Each investor should be aware of the recommended asset allocation for their profile. A proper asset allocation will take into effect your risk tolerance and investment objective. Your financial professional should help in determining what your asset allocation should be. Your portfolio should be adjusted periodically to stay within your recommended asset allocation.

In order for you and your financial professional to design a portfolio which takes into consideration your individual risk tolerance and investment objectives, you need to be honest. The professional should have a clear understanding of your financial picture, including assets and liabilities, the level of risk that you are willing to accept, the timing of anticipated expenditures, your retirement goals and other factors that might have an affect on your need to liquidate the investments. When you fill out your new account form, it should be accurate. It is a good practice not to sign they may not include assets that pass outside of the probate estate as part of the decedent's estate for recovery purposes. It has promised that a "revised regulation" will be promulgated. Sounds like we are back to Square 1? Not really, Medicaid has also advised its districts that the "new" method for evaluating life estate interests that was set forth in the emergency regulation, and addressed in our anything until is it completed, accurate and understood! The new account form will provide a guide to your financial professional in recommending investments which may be suitable or appropriate for you. It is a good idea to keep a copy. Keep accurate and complete records, including your new account form, all correspondence and statements, and any other pertinent materials. Also keep a diary of all conversations with your investment professional. Note the date, place and subject matter of every meeting and conversation. This way, if there is ever a dispute with your professional, you will have records documenting your version of events. Our next article about investments will go in to more depth about types of accounts, rules brokers must follow and discretionary accounts.