Your Pensions Newsletter

SIX HABITS OF SUCCESSFUL INVESTORS - PART ONE

Planning, consistency, and sound fundamentals can improve results.

For most people, achieving success as an investor means reaching their financial goals, like owning a home, paying for college, or having the retirement you want.

What separates the most successful investors from the rest? Here are the 6 habits of successful investors that we've witnessed over the years—and how to make them work for you.

1. Start with a plan

The financial planning process can help you take stock of your situation, define your goals and figure out practical steps to get there.

Financial planning doesn't have to be fancy or expensive. You can do it with the help of a financial professional or an online tool. Either way, making a plan based on sound financial planning principles is an important step.

A plan is one service that financial professionals frequently offer their clients.
There is some evidence that families who work with financial professionals are better prepared to meet long-term financial goals.

Credit/Source: Fidelity Viewpoints

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2. Be a supersaver

While it's easy to get caught up in the ups and downs of the market, it's also important to think about how much of your income you are putting away for the future. Saving early and often can be a powerful force when it comes to making progress toward long-term financial goals.

As a general rule of thumb, you can put away at least 15% of your income for retirement, including any employer match.

Of course, that number is just a starting point, for some people it will be lower and for some people it will be higher. But regardless, there is evidence that saving more and starting earlier help people reach long-term goals.

3. Diversify

One key foundation of successful investing is diversification (owning a variety of stocks, bonds and other assets), which can help control risk.

Having an appropriate investment mix, giving you a portfolio that delivers growth potential with a level of risk that makes sense for your situation, may make it easier to stick with your plan through the ups and downs of the market.

Diversification cannot guarantee gains, or that you won't experience a loss, but it does aim to provide a reasonable trade-off between risk and reward. You can not only diversify among stocks, bonds, and cash, but also within those categories. Consider diversifying your stock exposure across regions, sectors, investment styles (value, blend, and growth), and size (small-, mid-, and large-cap stocks). For bonds, consider diversifying across different credit qualities, maturities, and issuers.

Credit/Source: Fidelity Viewpoints