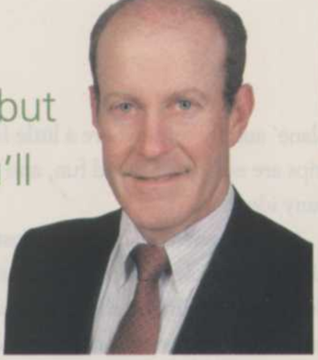
it's your life

BY BOB BAIRD / GUEST COLUMNIST



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It's your money: Get good help

Have you seen those investment flyers promising triple-digit returns if you'll buy some secret guaranteed to bring investment riches? Truth be told, I've bought more of those than I care to remember.

On the other hand, don't try to do all of your investment research by yourself. As usual, prudence is somewhere in between. Just because the next decade will involve gadgets that think and talk back to you, don't think that the principles of investing will change because your accessories will. They won't. Stocks go up because they are from good businesses or represent perceived value, not because of some secret theory.

K.I.S.S.

If you are new to investments, start out with a long-term horizon. We've experienced four exceptional years in a row. The odds do not favor another four years of this, so you should probably lower your expectations a bit. Using time-tested principles puts the odds in your favor, but it doesn't make it easy. The biggest problem you'll have is separating the investment wheat from the chaff. Keep it simple and don't forget your common sense. Unfortunately, that is easier said than done.

Let's start with some basics:

▶ Other than for an IRA or pension plan, before you even think of investing in earnest, pay off your credit card bills. That's a guaranteed return equal to the rate of interest on your card.

▶ Become informed. Use libraries or the Internet (it has so much information it can almost be too much).

▶ A good place to start is the "Motley Fool" (www.fool.com/index.htm). Its "school" will walk you through a simple plan that you can use for the rest of your investing life. The site is funny and informative, and it puts things into proper perspective.

Work your money

Now comes the hard part: deciding on a plan that is best for you and staying with it through the inevitable ups and downs of the market. In principal, it might seem easy. Statistically, however, many investors who try to do their own thing end up needing help.

My favorite study was by Morningstar, a well known investment information firm. From 1984 to 1994, a random sampling of mutual funds produced an average return of just under 13%. In 10 years, they were up roughly 300%. Things could be worse. Those investors who tried to move in and out with the market's ups and downs or changed to whatever fund was hot at the moment averaged less than 3%.

If you are new to investing, remember this and hold it close to your heart: Human emotion and reaction work against you. This is why I always recommend you take some portion of your investment money and have it managed professionally. Take it out of your hands.

If it was easy to make consistent 20% returns, everyone would do it. This is why I recommend an active, conservative money manager for someone starting out. Most investors are not suited to last through the harrowing times of a bear market. They exit at the wrong time.

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Bob's key strategies:

- **Pay off credit cards first.**
- **Study investing for background.**
- **Visit Web sites like Motley Fool.**
- **Allocate some of your investments for professional management.**

Like so many other things in life, sometimes professional managers accomplish investment growth, sometimes they don't. Some of my favorites are:
▶ Schield 800/275-2382; ▶ PSM 800/433-7750; and ▶ KFCM 888/345-5326.

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Some professional managers, however, specialize in staying invested in the hottest groups and then get out of them when they turn cold. The idea is to keep pace with an average growth fund, but have less risk while doing it.

If you want to discuss it, you can e-mail me at rkbaird@home.com. And keep "Murphy's Law" in the back of your mind. Though the market is not out to get you, it does seem that way sometimes. If you are patient and your plan is based on good investment logic, you will put the odds in your favor. Most people don't.