

Question: What's the best way to invest?

Answer: If you talk with 10 different advisors, they'll all have their own opinion as to what is the best way to invest. Some prefer actively managed investments. Some prefer passively managed investments. Some advisors like me prefer a combination of actively and passively managed investments. The point is, you need to do some homework and figure out what strategy resonates with you.

Since neither active management nor passive management has superior performance in all market environments or asset classes (large cap, small cap, international, fixed income, etc.), I think it's smart to incorporate both strategies into your investing plan. Therefore, I'm a staunch advocate for using low-cost index funds, enhanced index funds and exchange traded fund (ETFs) in my private client portfolios.

An index fund or ETF has many advantages over an actively managed investment but let me name just a few. First, an index fund or ETF will enable you to own a broadly diversified basket of stocks or bonds. This will help to reduce risk by not having all your eggs in one basket. Because the goal of the manager is to replicate a benchmark and is not being asked to actively manage these holdings, this allows management fees and transaction costs to be kept to a minimum. This cost savings could translate into thousands of extra dollars in your pocket over time.

To learn more about investing, you should visit websites such as <http://money.cnn.com/>, <http://moneycentral.msn.com>, or any mutual fund company website. There are volumes of free information available on the web. Additionally, check out your local library, visit www.Amazon.com or any book store and search through their Personal Finance section. There are literally thousands of titles to choose from on investing.

Bill's Bottom-line: Read, listen and learn about different investments and strategies. In the end, your financial well-being is your personal responsibility.



Bill Losey, CFP®, CSA, "America's Retirement Strategist", has nearly 20 years experience in the financial planning industry and has been interviewed on the CBS Radio Network, CNNfn, and FOX's "Hannity & Colmes". Bill publishes *Retirement Intelligence™*, a free award-winning weekly newsletter that reaches over 5,000 subscribers worldwide. His book, ***Retire in a Weekend! The Baby Boomer's Guide to Making Work Optional*** will be released in November 2007. Bill can be reached online at www.MyRetirementSuccess.com or by calling 1-866-786-2521.