

# The Right Emotions Can Be Useful In Investing

You may have heard that it's important to take the emotions out of investing. But is this true for *all* emotions?

Certainly, some emotions can potentially harm your investment success. Consider fear. If the financial markets are going through a down period – which is actually a normal part of the investment landscape – you might be so afraid of sustaining losses that you sell even the investments that have good prospects and are suitable for your needs.

Greed is another negative emotion. When the financial markets are rising, you might be so motivated to “cash in” on some big gains that you will keep purchasing investments that might already be overpriced – and since these investments are already expensive, your dollars will buy fewer shares.

In short, the combination of fear and greed could cause you trouble.

But other emotions may prove useful. For example, if you can channel the joy you'll feel upon achieving your investment goals, you may be more motivated to stay on track toward achieving them. To illustrate: You may want to see your children graduate from college someday. Can you visualize them walking across the stage, diplomas in hand? If so, to help realize this goal, you might find yourself ready and willing to contribute to a college savings vehicle, such as a 529 plan. Or consider your own retirement: Can you see yourself traveling or pursuing your hobbies or taking part in whatever activities you've envisioned for your retirement lifestyle? If you can keep this happy picture in mind, you may find it easier to maintain the discipline needed to consistently invest in your IRA, 401(k) or other investment accounts.

Another motivating force is the most powerful emotion of all – love. If you

have loved ones who depend on you, such as a spouse and children, you need to protect their future. One key element of this protection is the life insurance necessary to take care of your family's needs – housing, education and so on – should something happen to you. Your employer may offer group life insurance coverage, but it might not be sufficient, so you may want to supplement it with your own policy.

Furthermore, you may need to protect your loved ones from another threat – your own vulnerability to the need for long-term care. Someone turning age 65 today has almost a 70% chance of eventually needing some type of long-term care, according to the U.S. Department of Health and Human Services. This type of care, such as an extended nursing home stay or the help of a home health aide, is extremely expensive, and, for the most part, is outside the reach of Medicare. So, to pay for long-term care, you might have to drain a good part of your resources – or depend on your grown children for financial help.

To keep your financial independence and avoid possibly burdening your family, you may want to consult with a financial professional who can recommend a strategy and appropriate solutions to cover long-term care costs.

By drawing on positive emotions, you can empower yourself to make the right financial moves throughout your life.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*

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