



# The PHYSICIAN'S *Personal* ADVISORY®

EXCLUSIVE ADVICE ON FINANCIAL, INVESTMENT AND OTHER ASPECTS OF THE SUCCESSFUL PHYSICIAN'S PERSONAL LIFE

## Investing

### 10 truths to invest by Principles for good times and bad

No one can offer you a sure-fire path to investing success, but a recent list of investing principles supplies guidelines worth keeping in mind. Writing in *The Washington Post*, financial columnist, James Glassman offered the following “10 truths.” Find them below, along with physician-specific comments from financial advisors **Harry Kasanow, CFP,<sup>1</sup>** and Steven Camp, CFP.<sup>2</sup>

1. Know why you're investing—for retirement, to buy a house, and so forth. The answers will help you figure out how much to put into stocks, bonds and cash.

**Kasanow:** This is absolutely crucial. You should probably increase cash and bond positions to lower portfolio volatility and provide buying opportunities on dips in the market.

2. Start early. Time, not stock picking, represents the most crucial element of success.

**Camp:** Many new physicians express reluctance to start investing for their retirement because they have to pay off large student loans before they invest or save for retirement. Some feel they've sacrificed through so many years of schooling that they now want to make up for lost time and start spending on “things” instead of saving. As a result, their money has less time to compound.

3. If you can't stay in stocks for at least seven years, stay out.

**Kasanow:** Three to five years should be the horizon minimum for any financial asset.

4. Don't try to time the market.

**Kasanow:** Impossible, why bother?

5. The best time to sell a stock is never—that is, only when the company's fundamentals change, not its stock price or the state of the economy.

**Kasanow:** This is Warren Buffett's Rule #1.

6. Diversification is essential.

**Kasanow:** This is truer than ever before. Also, you should own both growth and value stocks, and small-, mid- and large-cap holdings both domestically and internationally.

**Camp:** Some physicians fall in love with companies they work with, such as pharmaceutical firms, and invest up to 50% of their assets available for investing in that company's stock. This company could have a breakthrough, but it is has poor management, the stock may plummet.

7. Watch for catches with mutual funds, such as high expenses and high turnover.

**Kasanow:** Consider setting a limit on expenses. For instance, don't own funds with an expense ratio higher than 0.8% and consider exchange-traded funds which typically have lower fees, as an alternative.

8. Most investors need professional guidance, not so much to pick stocks as for hand-holding.

**Kasanow:** Don't try to do everything yourself. Stick to your expertise—medicine—and delegate the rest.

**Camp:** Many physicians do an incomplete job of handling their personal finances. By using a qualified financial planner, you can take care of a lot of “what ifs” and get objective advice.


**Don't try to do  
everything yourself.  
Stick to your expertise  
—medicine—and  
delegate the rest.**

9. The best bond deals involve Treasury Inflation-Protection Securities (TIPS). They pay a flat “real” rate plus an inflation kicker.

**Kasanow:** Bond diversification is crucial, including corporate, government and municipal bonds. Stay with intermediate-term bonds at the longest.

**Camp:** If you’re a physician in the highest tax bracket and if your tax-free income from municipal bond interest is greater than your after-tax income from TIPS, you may benefit more from investing tax-free bonds.

10. You can own technology stocks, but they shouldn’t make up more than one-fourth of your portfolio.

**Kasanow:** Don’t let tech stocks exceed their weighting in the S&P 50, currently hovering around 18%. Find that rate using Vanguard’s 500 Index Fund (VFIX) as the proxy on [www.morningstar.com](http://www.morningstar.com). 

---

**<sup>1</sup> Contact Kasanow at Kasanow & Associates Wealth Management in Honolulu, HI; phone (808) 988-1311; email to [harrykhi@kasanowandassociates.com](mailto:harrykhi@kasanowandassociates.com).**

<sup>2</sup> Contact Camp, author of *Money Rx for Physicians* (Turkey Publishing, Ft. Lauderdale, FL) at [pmdanswerman@aol.com](mailto:pmdanswerman@aol.com).

---