# Five Moves for Young Investors

If you're just beginning your career, what are your financial priorities?

You might have student loans to deal with. And you may even be thinking about saving for a down payment on a house. These are certainly significant issues, and yet, you shouldn't ignore your long-term goals, such as retirement — which is why you may want to get started as an investor.

And as you invest, consider these suggestions:

*1. Take advantage of your opportunities.* Even while addressing your other concerns, such as loan payments, you may well have space in your life to invest — if you take advantage of the opportunities presented to you. For example, if you work for a business that offers a 401(k) or other retirement plan, try to put in as much as you can afford, or at least enough to earn your employer's matching contribution, if one is offered. And you may find that contributing to a traditional 401(k) or similar plan is more affordable than you think, as your contributions may be deductible, lowering your taxable income.

*2. Think long-term.* Some people make the mistake of seeking short-term gains by trying to "time" the market — that is, they try to "buy low and sell high." While this is a great strategy in theory, it's almost impossible to follow, as no one can really predict market highs and lows. The most successful investors follow a long-term strategy and don't jump in and out of the market.

*3. Know your risk tolerance.* Your investment choices should be based partially on your risk tolerance. Typically, the more investment risk you take on, the greater the potential reward, but it works the other way, too — riskier investments can result in greater losses, at least in the short term. You need to find a risk level with which you are comfortable. Also, your risk tolerance can change over time — when you get close to retirement, for instance, you might want to invest more conservatively than you did when you still had decades ahead of you in the working world.

*4. Diversify your investments.* The financial markets affect different investments in different ways, which means that, at any given time, some investments will perform better than others. But if you only owned one type of investment or asset class, your portfolio could suffer if a market downturn had a particularly strong effect on that investment or asset. By spreading your investment dollars among a range of investments, you'll have more opportunities for success, and you can help reduce the effects of market volatility on your holdings. Keep in mind, though, that diversification, by itself, can't guarantee profits or protect against all losses.

*5. Prepare for the unexpected.* You don't always know when you'll face a large expense, such as a medical bill or a major home repair. If you're not prepared, you could be forced to dip into your long-term investments, such as your 401(k), to pay for these costs. To help avoid this problem, you may want to take steps such as keeping a cushion of cash in your portfolio and building an emergency fund containing several months' worth of living expenses, with the money kept in a liquid account.

By putting these moves to work, you can help yourself make progress on an investment journey that could last a lifetime.

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