

Don't panic, local experts advise

INVESTING: People should seek out qualified advisers, review goals.

By Kevin Butler, Staff Writer

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LONG BEACH - Area financial advisers Monday cautioned clients against panic, as stocks tumbled amid a slowing economy and turmoil in global financial markets.

"Panic is never the right thing," said George Ciceri of JC Financial Planning and Investments in Long Beach.

Those investors with well-diversified portfolios shouldn't take drastic action just because of the recent market downturn, he said. The [Dow Jones](#) industrial average dropped nearly 370 points to below 10,000 for the first time in four years.

"What I'm saying right now is to make changes in your asset allocation strategy is probably the wrong move," said Ciceri, a certified financial planner.

Investment strategies depend on goals and an investor's age, as investors nearing [retirement](#) typically reduce the percentage of their investment portfolio dedicated to equities, Ciceri added.

A good basic formula is to subtract your age from 100. That should give you the percentage of your portfolio that should go to equities, he added.

"The older you are, the more conservative your portfolio should be," he said.

Financial planner Phillip T. Shrotman also cautions people who have well-diversified portfolios from unloading their stocks right now.

"If you own good-quality companies and good-quality stocks and good-quality funds, then this is not the time to unload them in a panic," he said. "Warren Buffet seems to be investing during this period of time, so that's good enough for me."

Age-related goals

Over the long-run, Shrotman believes that home prices and "good-quality stocks and good-quality mutual funds will recover as the economy recovers," he said. "But it's not going to be today or tomorrow for either one of them."

At the same time, those nearing retirement may be forced to re-evaluate their plans given the recent downturn.

"Does that mean they may have to work a year or two longer? That's a possibility," said Shrotman of Principal Planning Service in Naples.

Chip Rubsamen, certified financial planner with Met Life Resources, also said that for those with well-diversified portfolios and whose investment goals have not changed, drastic action is not needed at the moment.

"Most people shouldn't really change in terms of (investment) parameters unless their goals have changed," said Rubsamen, who is based in Torrance.

A down stock market also presents some buying opportunities for young investors who are taking a more long-term outlook, Ciceri said.

"That said, given the uncertainty, it would probably be pretty stupid if you take the whole 100 percent (of a portfolio) and put it in the market right now and pray that the market goes up," he added.

There are buying opportunities in the market, but investors should exercise caution, Shrotman said.

"I think they should start looking and make themselves a wish list of companies that they are familiar with who they know are making a profit and making a good product and who have been punished by this market, perhaps unfairly," he said.

However, investing in the financial services industry remains risky, as that is going to be one of the last sectors to recover from the downturn, he added.

The already troubled [housing market](#) is seeing additional concern, with many reconsidering plans to purchase a home.

"Feedback from our Realtor members indicates that consumers are increasingly anxious about the economy both generally - Wall Street firms failing and the Federal bailout package, for example, and more specifically with regard to their own personal financial situation," said Paul Bishop, managing director of research with the National Association of Realtors.

Despite the uncertainties of the economy, people are encouraged to not panic, he said.

"The economy will right itself, but there are many unknowns at the present time that limit how clearly anyone can predict the future," Bishop said.

`Uncharted waters'

Blake Christian, CPA and Long Beach [Chamber of Commerce](#) chairman-elect, said that the economy is entering "somewhat uncharted waters for many people."

He encourages people to get several expert opinions before making financial decisions.

"You want to get input from a number of people," he said. "You want to get balanced input so you can make a decision."

It's unclear how long or deep the economic downturn will be, as this one is being accompanied by an unprecedented de-leveraging of the global financial system, Ciceri said.

The last two recessions - 2001 and 1991 - lasted about eight months, he said.

This downturn "is probably going to be deeper and a bit longer lasting," Ciceri added.

So, 2009 "in the real economy, will be a very painful year," he added.

Staff Writer Pamela Hale-Burns contributed to this report.

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