By KRIS FRIESWICK

IS NOW THE
TIME TO SELL
YOUR MUTUAL
FUNDS? BUY
A HOUSE? RUN
OFF TO
VEGAS?
WE ADVISE.

## Riding Out THE Storm

N ECONOMIC STORM is raging outside, and if you have investments – stocks, funds, bonds, a 401(k) plan, real estate – you're likely feeling like a boat tossed by an angry sea. But as any sailor can tell you, there are two ways to cope: You can batten down the hatches and ride it out, or hoist sail and take advantage of the winds to get ahead.

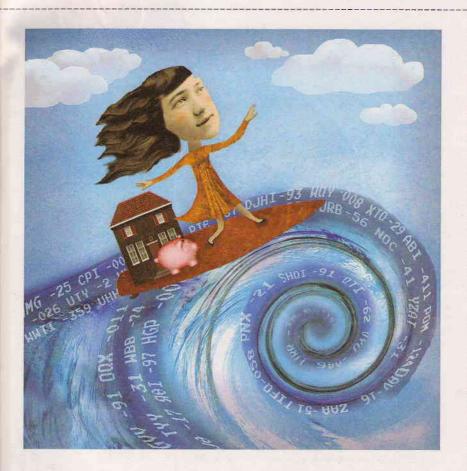
Overall, recessions are a bad time to sell anything. But fear may tempt you to hold a fire sale of your portfolio. Don't. "In reality, the stock market's not too far off," says Marc Freedman, a certified financial planner in Peabody. "It's about where it was a year ago."

So don't panic. "Ask yourself, 'Why did I make this investment in the first place? Was it for a short-term return on money or a nest egg for the future?' "He also advises that people remember the research they did when selecting the fund. "Most people look at investments on a three-to-five-

year historical basis, yet they're willing to make a change based on a shorter-time framework than that when things turn down." Those who hold tight through the tough times are the ones who make money in the long run, he says.

On the flip side, if you're not already in the market, don't let the volatility scare you off. There are bargains to be had, but Freedman advises mutual funds for those just getting started, because they tend to be less mercurial than individual stocks.

Given the troubled real estate market, if you are considering selling your home, put that off, if you can. If you do have to sell your house, further value declines are predicted, so sooner is better than later; if you bought your home prior to the 2005 bubble, you'll probably still make a profit. For those looking to take advantage of the current down market to nab a deal, Freedman urges caution. Such an investment today is best



suited for those with stable, sufficient cash flow from an income not exposed to possible layoffs, enough cash to afford a 20 percent down payment, excellent credit, and a desire to stay put. It's not the time to flip a house.

Lastly, be prepared for more troubles ahead. First, get a fix on what you're really spending. Take a look at your primary bank account statements for the past six months. The average monthly amount of outgoing cash over this period is

your real monthly expense figure. Make sure you have three to six times this amount in a very safe bank account, says Freedman. If you're in an industry that may be vulnerable to layoffs, now is the time to update your resume, keep an eye on job boards, join a networking group, and expand your skill set. And don't feel too bad: We're all in the same boat.

Kris Frieswick, who writes frequently about money, lives in Boston.

## In Financial Hot Water?

\*Temporarily stop contributing to your 401(k) if you don't have enough cash saved in an emergency fund. "Your shortterm needs trump your long-term goals if you are in danger of losing a job," says Freedman.

## \* Make cash king.

Credit card rates are going up. You'll spend less if you have to take the green stuff out of your wallet.

- \* Separate your monthly expenses into "needs" versus "wants," then prune the "wants" until It hurts. Console vourself with the knowledge that it's only temporary. You'll thank yourself when times get better and you aren't bankrupt.
- \* Pay yourself money to friends and relatives or making if your own financial future is in trouble.

It's harsh advice, but you'll be better able to help those in need if you aren't there yourself.