Six Tips for Wealth & Sanity

And the most important tip of all? Hire a financial advisor.

Investing can be stressful, but it doesn't have to be. If you have a portfolio that was built for you and use the help of a financial advisor, you shouldn't be too worried about volatility and financial news.

Here are a few tips to help you invest wisely, and stay sane at the same time.

1. Cut back on financial (entertainment) media. The financial news is entertaining, but the focus is on short-term trends and hype. Sure, you need to keep up with general economic and business news, but it isn't wise to trade on every piece of information that you come across. Print media tends to be less sensational than TV programs.

2. Stop checking your accounts online every day. If you have a properly diversified portfolio, built for you, focusing on daily changes in your account value is likely to tempt you to trade too much. Should you make frequent transactions, hoping to profit from price swings, your trading fees increase. Avoid making emotional decisions and wait for your monthly statement to arrive. As a disciplined investor, you need to tolerate volatility. This gives you more peace of mind, too.

3. Focus on the bottom line, not individual investments. If one investment is doing well and the other is doing poorly, what should you do? The answer may surprise you. You should probably sell some of the investment that went up and buy more of the poor performer. It seems counterintuitive, but this is "buy low, sell high" in a nutshell. If you focus on the value of your portfolio as a whole, you won't be tempted to make poor trading decisions, like selling lagging stocks out of fear.

4. Clean old junk out of your portfolio. Do you have stocks you held for a while, just waiting for them to return to the price you bought them? A good way of knowing whether to hold certain stocks is to ask yourself whether you would buy them today as new positions. Investors often think they need to wait until the stock price comes back before selling. Cut your losses and rid your portfolio of those old underperformers. You will feel like a weight is lifted from your shoulders, and you can use that money on better prospects.

5. Create a plan and follow the rules. One of the biggest mistakes that investors make is failing to make a disciplined plan. Choose your overall asset allocation, such as a mix of stocks and bonds, and stick to it. Check your

portfolio every three months to see if your account has fluctuated away from your original plan (say, 60% stocks, 40% bonds). If needed, make changes to bring your account back to the proper proportion. This is called rebalancing, a fantastic risk management tool.

6. Hire an investment advisor. Seeking the advice of a professional doesn't mean you are not smart enough or capable enough to figure it out on your own. You're capable of mowing the lawn, cleaning your house and doing your taxes, too. But you don't mind paying someone else to do those tasks. There are some cases where you should never do things on your own. You don't see people filling their own cavities, right? A professional financial advisor can help you devise your plan and offer unbiased advice about your portfolio. Who knows, you may even enjoy letting go of the reins.

Hopefully, taking a step back from your investing life gives you greater peace of mind and lets you focus more on other things like your career and family.