MICHAEL SILVER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Stock Market Investment Tips

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If you're retired, within ten years of retirement, or are a conservative investor, it's important to make investments that are relatively safe and that will supply a reasonable return. Certificates of deposit (CDs), treasury bills (T-Bills) and up to 10-year treasury bonds yield less than 2%. Municipal bonds (Munis), while not subject to federal income tax, do not yield significant returns. And, not only is there an interest rate risk on these bonds when rates begin to go up, but many states are currently in less than favorable financial condition.

This leaves only one place to receive a decent return: the stock market. Listed below are several companies that I have invested in, not only for myself, but also for my clients' managed money portfolios.

- AT&T and Verizon both yield over 4%. Everyone has a cell phone.
- Consolidated Edison, Duke Energy, American Electric Power, and Southern Company, all of which yield about 4%. Everyone uses electricity.
- Bristol Myers, Merck, Johnson & Johnson, and Pfizer, all of which yield over 3%. Nearly everyone over the age of 60 takes prescription drugs, and we are living longer.
- Procter & Gamble, Kimberly Clark, Clorox, and Colgate-Palmolive (consumer staples that everyone uses daily), each yield around 3%.
- Conoco-Phillips and Chevron pay between 3% and 4% and provide gasoline for our automobiles.
- Kellogg and General Mills are two popular food companies that yield about 3%.
- Master Limited Partnerships transport oil and gas through pipelines and pay 4-7% dividends.

Are these stocks as exciting as Google or Facebook? No, but they are relatively safe, with growing dividends that pay you to wait. All it takes is execution. Consider the following:

- When you decide to buy stock in a company, invest the funds 25% at a time.
- Sometimes you'll buy when the stock is high, sometimes when it's low. Therefore, buy incrementally; you'll be "dollar averaging."
- Reinvest your dividends, and if and when you need to draw down your investments, do it incrementally.
- Don't sell all of a stock all at once. It's better to sell it piecemeal, about 25% at a time.
- If you don't understand what a company does, don't buy its stock.
- Don't put more than 10% of your portfolio in one sector or industry, and don't put more than 5% in any one stock.

If you have any questions or would like more information, please do not hesitate to contact me.

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