

What Crisis? Young investors are counting time on their side

FIVE REASONS TO START INVESTING NOW

Reason One: Since the bubble burst, you can buy more for less

“Buy low, sell high.” Few people would argue with that principle. It’s simple. It makes sense. It’s the first rule of investing, and it’s the only legal way to make money in the stock market.

Yet plenty of people jump on the bandwagon when markets are on an upward rally, and just as many pull out and stay out when stock values start tumbling downward.

That’s a big mistake, said Ken McDonnell of ChooseToSave.org, because there are always upticks. McDonnell points to the steep drop in stock prices in the fall of 2008, which sent many investors running for the exits.

“If you pulled out in 12/08, you locked in your losses. You missed out on one of the biggest rebounds in the history of the New York Stock Exchange. You don’t know when it’s going to happen, it will happen; it’s just a question of when.”

Stocks have already rebounded somewhat from the bargain basement prices in March, when the Dow lost half its value in less than 15 months to fall below 6500, but U.S. market indices are still more than 20 percent off their peak.

That means young investors can still take advantage of lower prices to buy a broader range of stocks, so they’ll be sitting on more value when prices rise again.