

Are there any rules of thumb you can give to help investors avoid mistakes?

Well, there's no end to the mistakes people can make, but there are a few rules of the road that can help you avoid many of them. One of the worst mistakes that investors make is selling stocks in a panic when the market drops, thus choosing to realize losses. Then, during the ensuing recovery, when stocks are rising, these investors often sit on the sidelines, missing out on gains. By the time they finally get back into the market, prices often are much higher. After buying back in, these investors are all set to repeat this all-too-predictable vicious cycle when the market declines again.

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