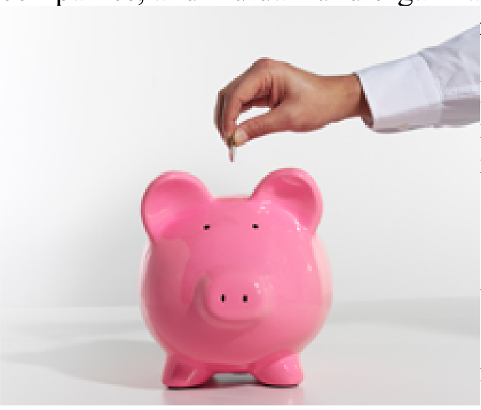
Investing strategies: dollar-cost averaging

No doubt you've seen the term "dollar-cost averaging" bandied about in the popular press. Banks, trust companies, and mutual fund organizations promote it as a way to average down, or reduce, your price for



nvestments. However, there's a lot more to it.

Dollar-cost averaging is the result of investing a fixed amount of money, at regular intervals, in stocks, bonds, or other investments, regardless of the unit price of the investment. Many investors buy units of equity funds because of the stock market's history of increasing value over the long term.

When the price of the security or mutual fund unit is high, your regular investment buys fewer shares. When the price is low, your money buys more. That's where dollar-cost averaging comes in—you may be averaging down the dollar cost of your investment.

Saving a few cents where you can is always to your benefit. But the true value of dollar-cost averaging lies in what it represents: your ongoing commitment to an investing program.

The key is to pay yourself first. Then, stick with the plan, even when markets experience a temporary decline. In the long run, you stand to come out ahead.