De-stress your life by embarking upon steps to make future brighter

A calm head and a commonsense approach can help to give savers some peace of mind right now, says Barry O'Neill, investment director for financial planning, investment and pension advice firm Carbon Financial Partners in Aberdeen

Amid all the negative news about slowing economies, market turmoil, oil price collapse and the looming uncertainty of yet another referendum, it is time for some positivity.

Life can be difficult enough without also having to worry about the money you have saved. Taking some simple, commonsense steps can help de-stress the financial part of your life so you can concentrate on the important things instead.

Investors come in different guises: from seasoned pros that have been there, seen it, done it and bought the T-shirt, to nervous novices who have never experienced the likes of the FTSE's precipitous fall from the all-time high in May 2015 to where we are today, some 17% lower.

Dealing emotionally with such falls can be difficult, but less so if you set the right course and have realistic expectations to start with.

Step one – have a clear idea of what you want to achieve and build a plan to help you get there. It will help you make better, more informed decisions about what, if anything, to do when confronted by market turmoil.

> "From seasoned pros that have been there, seen it, done it and bought the T-shirt"

Step two – take only as much risk as you absolutely need to achieve your long-term goals.

Step three – diversify the underlying investments in your pensions, individual savings accounts and other plans as widely as possible to limit the risk of being overly exposed to any single investment.

Barry O'Neill: Urges savers to "seize the day"

GLOOM: But don't let anything rain on your parade as sound planning will help you live your life in the sunshine

Step four – manage your own expectations and properly understand the expected range of returns from your investment portfolio.

If you invest any of your money in shares, you must accept that a negative number is one of the expected returns from this asset class in any given year.

If a portfolio of investments has a long-run average annual return of 8% and a volatility risk measure of 10%, statistics suggest there is a 95% probability the portfolio will return between minus 12% to plus 28% in any given year.

This means that any annual return between the upper and lower number is an expected return and by definition, if it is expected, we should not be surprised by it.

We should not even be totally surprised by returns that are outside this range. A 95% probability means there will be times when returns are better or worse than the range, as they were during the global financial crisis in 2008.

Provided you have a sufficiently long-term investment timeframe, don't sit on the sidelines waiting for investment markets to look healthy again before deploying capital.

Inflexion points happen in a flash, so seize the day, keep calm and carry on.