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Lesley Mansfield is trying to find the balance between patience and concern.

She's a buy-and-hold investor who's been holding on tight during the stock market's roller-coaster ride this fall.

But it's not easy.

The 46-year-old is saving and investing for her retirement. The divorced single mom is also paying down her mortgage and saving for her teenage daughter's post-secondary education.

A communications and public relations manager at Prosperity One Credit Union in Milton, Mansfield wants to retire at 62. "I don't want to work until I'm 65 and I don't think I can afford to retire at 60," she said.

She hopes to have her home paid off by then so she can focus on volunteer work and travel.

Mansfield has saved more than $150,000 for her retirement, but like many Canadians, she wonders whether it will be enough — particularly if the stock market keeps up its yo-yo trick.

When the stock market chalks up triple digital gains and losses from day to day, and gloomy headlines crowd the front page, she tries to take a long-term view.

After all, she'd rather spend her weekends at the farmer's market and conservation areas near her home in Milton than poring over her investment statements.

Lesley Mansfield is a single mom to daughter Katherine O'Hearn, 16.

Aaron Harris/For the Toronto Star

"I've been watching the negative returns in my portfolio, but I'm just sitting tight. I'm not making any knee-jerk reactions," Mansfield said.

Experts agree. Resist the urge to flee or make any kind of quick decisions, they say. Instead, check your plan — and your gut.

Review how much you're saving and go over the mix of investments in your portfolio. Consider your retirement goals, whether it's a trip around the world or sticking close to home, and how much you'll need to get there.

Then consider whether you're taking more risk than you need to with your investments.

Canada's premier stock market, the S&P/TSX Composite Index reached a high for the year of 14,270.53 points in early April, but it's been mostly downhill since then. From that peak to the low of 11,177.91 points in early October, the market has fallen nearly 22 per cent, though it has recovered some ground recently.

Uncertainty is driving the market volatility. At the beginning of the year, economists were hopeful that the U.S. economy would finally begin to show signs of recovery. But then investors were broad-sided (again) by lingering worries over massive debt in Greece, Spain, Italy and other European countries.

That has world leaders concerned that the global economy could fall back into recession.

Closer to home, Canadians are more in debt than ever. On average, the nation's households owe about $1.50 for every $1 of income.

A recent survey by the Canadian Payroll Association found that about 40 per cent of Canadians expect to postpone their retirement because they aren't saving enough.

Sixty-eight per cent of the 2,070 employees surveyed said they have saved less than a quarter of the money they expect to need to retire.

"If there's one silver living on the volatility, it's focusing people's attention on the need to crunch some numbers and plan," said Rona Birenbaum, a certified financial planner with Caring for Clients in Toronto.

Investors can choose to put their money in a mix of stocks or equities, bonds and fixed income, or cash.

Stocks typically offer a higher return and better growth over time, but they also come with a greater risk of sharp declines.

At the other end of the spectrum, there's no volatility with cash, but, over time, the rising cost of living will eat away at your buying power.

Your mix of investments will depend on your time horizon — when you need the money — and your risk tolerance, how much you can stand to lose on paper before you decide to bail out.

"It's nice to say I have a 10- or 20- or 30-year horizon. If you have that and you can actually ignore everything that's going on, that's fantastic. There aren't that many Rip van Winkles around," said Eric Kirzner, finance professor at the University of Toronto's Rotman School of Management.

"For most mortals, it's impossible to ignore the types of fluctuations that are taking place. That means you have to be able to manage it. If you can't sleep at night or get your work done, you have too much risk in your portfolio and you have to reduce it."

The problem is that most of us have very unrealistic expectations when it comes to returns and risk tolerance.

A groundbreaking investment industry study found that, from 1989 through 1994, the average growth mutual fund returned 12.5 per cent, but the average investor in those funds actually lost 2.2 per cent.

That's because investors chase hot investments to get better returns or panic and get out of the market. The Dalbar study, as it's known, has been revisited many times with similar results.

"People tend to overestimate their tolerance for volatility over and over and over again," Birenbaum said. "What we say to clients is, if you're pulling money out of the markets now, don't put that money back in, because you're simply going to do it again. Stick it in a government bond or a GIC because you've proven to yourself that you cannot tolerate market volatility in the short-term."

Having an experienced financial adviser, someone to remind them of their long-term strategy and goals, will be enough to help stay the course.

A strategy for dealing with the fluctuations is to focus on stocks that pay dividends.

During turbulent times and in a lower-return environment, dividends will represent an important part of total returns, said Joyce Kiousis, portfolio manager and investment adviser at TD Waterhouse Canada. "While you're waiting for the market turbulence to settle down, at least you're getting paid to wait."

Dollar cost averaging, where investors add money to the market each month or each quarter, regardless of market fluctuations, is another strategy. It means, over time, you're investing at an average price, rather than at highs and lows, Kiousis said.

The problem with huge stock market swings is that investors are whipsawed back and forth between the impulse to sell and the impulse to buy, Kirzner said.

"When you're facing both fear and greed at the same time, it's impossible to act. You can't act. You have to ignore it and do nothing. That's not much of a story but it's the right way to do it."

That's been Mansfield's strategy so far. She's trying to stay focused on the big picture.

In retirement, Mansfield would likely collect Canada Pension Plan and Old Age Security, along with investment income from a defined contribution pension plan, and an RRSP.

Right now, about one-third of her pension plan is invested in equity, and the other 70 per cent in income-producing investments. Her RRSP consists mostly of Canadian and foreign equity mutual funds.

The Star asked Birenbaum to take a closer look at Mansfield's investments and offer some thoughts.

According Birenbaum's projections, Mansfield would have an annual income of about $30,000 a year in today's dollars (about $52,650 in future dollars) if she retires at age 65.

"It's not dire. $30,000 a year to live on might be okay for her. It's not a glamourous retirement but she can probably get by assuming she's mortgage-free. If you add in debt payments, there wouldn't be a lot left for living expenses."

Mansfield is on track to pay off her mortgage by age 65, as long as her interest rate does not increase significantly, Birenbaum said. That's definitely a point in her favour.

"We need to train people to make larger payments on their mortgage to ensure they will be debt free by retirement. The problem is, that eats into spending in other areas or saving. But that's life, that's the reality."

Should Mansfield decide to retire at 62, her annual income would be about $25,300 (in today's dollars.)

"It crystallizes things. If that's my plan for retiring at 62, then I may need to make some changes, like paying down the principal on my mortgage faster," she said.

"Knowing that now, with the time horizon I have, is better than knowing it at 56. I feel more confident now that I can develop a plan."

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