

Moving Toward Retirement

If your destination is a financially secure retirement, you don't want to get lost or sidetracked along the way. Here are six ongoing activities that can keep you on top of your financial situation and your investment strategy. They're useful no matter how far along you are on the path to retirement.

MONITOR YOUR NET WORTH

Each year, estimate the current value of all your assets (your home, savings, investments, etc.) and subtract your debts (the balance owing on your home, credit cards, loans, etc.). If you spot a problem, work to resolve it promptly.

BECOME AN INFORMED INVESTOR

Learn about your investment options by reading and asking questions. Develop a personal investment strategy. Keep an eye on how your investments perform.

FINE-TUNE YOUR INVESTMENT STRATEGY

Regularly ask yourself: Do my investments offer me the best chances for the return I need, given my age, income, desired level of risk, and other individual circumstances? Am I contributing all I can?

DON'T FOCUS ON DAILY MARKET CHANGES

Following the movements of the stock market can be educational. But for many people, daily monitoring is stressful and sometimes leads to their making impulsive changes they later regret.

MAINTAIN AN APPROPRIATE RISK COMFORT LEVEL

Carefully weigh your ability to withstand risk against your need for high returns. Don't let panic push you into a risk category that's too high—or too low—for you.

STAY THE COURSE

Your overall plan should be based on proven principles of investing. By all means, make changes when they're called for; but dramatic changes made under pressure are a quick route to trouble.

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