

Energize Your Portfolio

Investment adjustments that can set you up for a successful year

There's no better occasion than the start of a new year to review your investment strategy. Now's the time to rebalance your portfolio, modify your asset mix to adjust to any important changes in your life, and increase your retirement plan contributions to take advantage of higher limits.

Serve yourself

Just like a car, a retirement portfolio needs an annual tune-up to make sure it's running well enough to get you where you want to go. That tune-up is called **rebalancing**, which simply means tweaking your investments to maintain an allocation that fits your long-term goals, time horizon and risk tolerance.

Make room for baby

You may want to change your asset mix to suit new circumstances in your life, such as marriage, divorce, the birth of a baby or a child's graduation from college. You may also want to review your investment strategy as you get closer to your retirement date. The SmartMoney Asset Allocation System at smartmoney.com/oneasset/ can help.

Check-ups are good

But even if your life has been uneventful and your retirement is decades into the future, you should re-evaluate your portfolio every year. The reason is simple, but it's often overlooked: Your circumstances and priorities may not have changed in the past 12 months, but thanks to the market's ups and downs, your portfolio may have.

It's Only Natural

Over time, an unchecked portfolio inevitably loses its original shape. If stocks have soared, for example, and bonds have underperformed, what started as a conservative 60/40 stock/bond mix may gradually become a more aggressive 70/30 mix.

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