

Assess Your Progress

In light of recent market volatility, it's important to monitor your investments. As you track your progress toward retirement, keep these three tips in mind:

1. Benchmark

Measure each of your funds against its most relevant index once a year. To gauge the performance of each of your investments, you might compare:

- The U.S. stock market to the Wilshire 5000 Index
- Large-cap U.S. stock funds to the S&P 500 Index
- Small-cap U.S. stock funds to the Russell 2000 Index
- International stock funds to the MSCI EAFE Index
- Bond funds to the Barclays Capital U.S. Aggregate Bond Index.

If a fund's performance has lagged behind that of its peers over several years, consider moving into some better-performing funds.

2. Rebalance

When you enrolled in your plan, you chose a mix of investments—for example, 70% stock funds and 30% bond funds. Now imagine your stock funds gain while your bond funds decline. A year later, your stock funds account for 75% of your portfolio, while only 25% is in bond funds, and your mix has become imbalanced. You might return to your original plan by directing future contributions to your bond funds, or by shifting some assets from stock funds to bond funds.

3. Measure Your Net Worth

To determine how fast your assets are growing, estimate your net worth: the value of everything you own (your home, investments, car and any other valuables) minus what you owe (such as your mortgage or car loans). Year-to-year comparisons are a good way to assess your investing strategy—and make changes if necessary.

Finally, try not to react emotionally when the market experiences short-term fluctuations. As you review your investments, focus on your long-term goal: a secure retirement.