

Restore Your Balance

Steer your allocation back on course

When you custom-tailor an asset allocation of stock, bond and cash investments to your individual situation, be aware that each market move can shift your allocation away from that ideal mix you've chosen.

When markets move as violently as they have over the past couple of years, your portfolio could quickly leave you significantly over- or under-invested in an asset class.

Time to rebalance

To make sure your asset allocation is what you want it to be, consider rebalancing your portfolio regularly. Generally, you shouldn't react to every blip in the markets, up or down, but review your portfolio at least once a year and consider rebalancing if any asset class has moved significantly away from your original allocation.

How it's done

To increase a stock allocation, redirect contributions from bond funds to stock funds until your ideal allocation is restored. A growing number of retirement plans offer to reallocate funds as a service to participants. Keep in mind that asset allocation can help you achieve diversification in your retirement plan, but it doesn't ensure a profit or protect against loss during volatile markets.

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