Balance for Success: How to Maintain a Healthy Retirement Portfolio

When investing for long-term goals, keeping an eye on asset allocation is critical. Over time, investment gains or losses can cause a portfolio's allocation to become unbalanced. When this happens, the portfolio may become more aggressive — or more conservative — than originally intended.

Your Asset Allocation

Your investment strategy should reflect your personal risk tolerance, time horizon, and financial goals. If you are a long-term investor comfortable with higher risk, you may prefer a portfolio with a greater emphasis on stocks and less in bonds or cash equivalents. On the other hand, if you are more conservative, you might opt for a portfolio with a larger allocation to bonds and cash equivalents, and a smaller portion in stocks. The right asset mix is unique to you and should align with your comfort level and long-term objectives.

Investments Acting Up

Over time, the allocation of assets in your portfolio may shift due to the varied performance of different investment types. For instance, if your stock holdings grow significantly in value, they might increase from 60% to 75% of your overall portfolio. Since stocks typically carry more risk than bonds or cash equivalents, this shift could result in a more aggressive investment strategy than you originally intended.

Get in on the Act

If your portfolio becomes unbalanced, rebalancing is a straightforward process. You can sell investments from the asset class that has grown disproportionately and reinvest those funds into underrepresented areas of your portfolio. However, before selling appreciated assets held outside your city retirement account, be sure to consider potential tax consequences. Alternatively, you may choose to invest additional funds in the underweighted asset classes to bring your portfolio back in line with your target allocation.

Rebalancing

Sticking to your investment strategy is key to long-term success. It can be challenging to reduce exposure to an asset class or market sector that is currently performing well. However, it is important to remember that markets are cyclical—what's thriving today may experience volatility tomorrow. Likewise, asset classes that are underperforming now could become top performers in the future. Maintaining a disciplined approach helps ensure your portfolio stays aligned with your long-term goals.

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Auto Rebalance Tool

Once you've determined your ideal asset allocation, you can set up your Start Right account to automatically maintain that balance between stocks and bonds.

A helpful feature called Auto Rebalance can be activated as part of this process. It automatically adjusts your account back to your target allocation—quarterly, semi-annually, or annually—helping prevent your portfolio from drifting outside your comfort zone due to market fluctuations. Stocks and bonds often perform differently throughout the year, so this feature helps keep your investment strategy on track.

To enable Auto Rebalance, visit the "Manage My Investments" section on the Start Right website. There, you'll see the option titled "Schedule Automated Account Rebalance," where you can choose from:

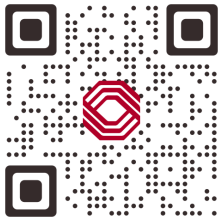
1. Rebalance my account quarterly
2. Rebalance my account semi-annually
3. Rebalance my account annually

It's a good idea to review your asset allocation at least once a year. Your financial professional can help you determine if you need to rebalance your portfolio.

Regularly rebalancing your retirement portfolio helps keep your investments aligned with your goals and risk tolerance. Over time, market fluctuations can cause your asset mix to drift, potentially increasing risk or reducing growth potential. By rebalancing, you restore your target allocation, maintain diversification, and ensure your strategy stays on track for long-term success.



Investment Basics



Start Right Website

To learn more about rebalance strategies, visit the Financial Resource Center by logging into the Start Right website, **startright.bokf.com**. From the main menu, go to the "Planning Tools" tab.

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