

Rebalancing Your Portfolio

As a participant in the company's retirement plan, you are already serious about saving for your future. Whether you are retiring in a few weeks or a few decades, you may need to protect your investment. A healthy way to do this is to rebalance your portfolio.

What is rebalancing?

Rebalancing is simply readjusting your portfolio back to the original asset allocation that took into account your risk tolerance and time horizon. Put another way, rebalancing forces you to adhere to your investment strategy.

Example:

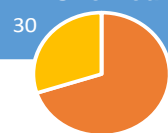
Suppose you enrolled in the plan at the beginning of last year and allocated 40 percent of your portfolio to bond funds and 60 percent to equity funds. Further suppose that when you got your year-end statement, it shows that 70 percent of your assets are in equity funds and 30 percent are in bond funds.

To stay within your acceptable risk level (which is what you determined before entering into the plan), you should sell enough equity funds to bring that back to 60 percent of your assets and buy enough bond funds to bring them up to 40 percent of your assets.

Initial Investment Direction



Investment Allocation After One Year



You rebalance by selling assets that make up too much of your portfolio and use the proceeds to buy back those that now make up too little of your portfolio. The net effect is to “sell high and buy low.” Ultimately, regular rebalancing can increase the overall return of your portfolio over time. (An automatic rebalancing feature may be available through your current retirement plan provider. Visit your provider's website for more information.)

Keeping in check

Financial planners recommend you rebalance at least once a year and no more than four times a year. Consider this a good opportunity to evaluate if your investment strategy is still in line with your original goals.

If you have questions, or require further assistance, please contact our investment consultant Tom Padilla at tpadilla@tp-advisory.com or 610-254-0451.

Rebalancing assets can have tax consequences. If you sell assets in a taxable account you may have to pay tax on any gain resulting from the sale. Please consult your tax advisor. This material is not intended to replace the advice of a qualified attorney, tax advisor, investment professional or insurance agent. Services offered through TP Investment Advisory Services, LLC, a registered investment adviser with the state of Pennsylvania. This message and any attachments contain information which may be confidential and/or privileged and is intended for use only by the addressee(s) named on this transmission. If you are not the intended recipient, or the employee or agent responsible for delivering to the message the intended recipient, you are notified that any review, copying, distribution or use of this transmission is strictly prohibited. If you have received this transmission in error, please (i) notify the sender immediately by e-mail or by telephone and (ii) destroy all copies of this message. If you do not wish to receive marketing emails from this sender, please send an email to thomaspadilla@comcast.net or a postcard to 1053 Croton Rd., Wayne, PA 19087 ACR#224719 12/16