MAPPING OUT AN EFFECTIVE RETIREMENT INVESTING STRATEGY

When working with your financial advisor to build a successful retirement investing strategy, it is important to understand the principles of investing, take the emotion out of your decisions, and apply a disciplined, diversified investment approach.

The checklist and questions offered here are designed to help you remove guesswork from your investing by highlighting basic finance principles you can follow. By spending a few minutes to complete this checklist now, you can lay valuable groundwork for a meeting with your financial advisor to discuss an effective retirement investing strategy.

Traditional finance: Putting basic investment theories into practice

Buy low, sell high
☐ Am I investing in quality securities when prices are low to increase the likelihood that my investments will increase in value?

Pay yourself first
☐ Do I treat myself as my most important creditor, and have I established a consistent savings schedule to build a sufficient retirement fund?

Diversify your portfolio to help manage risk
☐ Is my portfolio sufficiently diversified to protect against the market’s ups and downs?

Keep in mind that markets tend to revert to the mean
☐ As I add investments to my portfolio, am I remembering that markets change constantly and economic conditions will very likely not stay as good or as bad as they currently are?

Balance risk and reward
☐ Understanding that any investment comes with potential reward and inherent risk, have I adequately identified my risk tolerance level?

Behavioral finance: Thinking rationally before acting

Assess the true value of an investment before making any decisions
☐ Am I “anchored” to an irrelevant starting value of an investment, or have I worked with my financial advisor to adequately assess the security’s fundamentals to determine its “real” value?

Adjust your behavior to avoid regret
☐ Am I investing with a short-term focus, and are my decisions driven by “loss aversion” — the tendency to prefer avoiding losses to acquiring gains?

Consider using a wider focused investing frame of reference
☐ Do I have unusually optimistic or risk-averse expectations as a result of looking at my investments through too narrow a lens?
Behavioral finance: Thinking rationally before acting (continued)

Beware of segregating assets
☐ By focusing too closely on one security, have I lost sight of the reason for including that holding in my overall portfolio, and have I negatively affected my intended allocations?

Avoid changing investing behaviors to follow the herd
☐ Have I chased “five-star” performance, and am I aware that “herding” can sometimes backfire as investments do not necessarily hold their top ranking forever?

Disciplined finance: Taking a disciplined "ADR" approach to investing

Allocate assets across major asset classes
☐ Am I using asset allocation in my portfolio to help me pursue optimal returns for the risk level I am willing to assume?

Diversify within each asset class
☐ Have I diversified sufficiently to take advantage of different styles and various market sectors so that strong performance in one area can offset negative results in another?

Rebalance periodically to ensure that your plan remains in sync
☐ Do I rebalance periodically to help ensure that my portfolio remains aligned with my risk tolerance level and desired allocations?

Next steps
1. Check all the boxes that apply to you.
2. Schedule a meeting with your advisor to review your choices and discuss a detailed plan for incorporating investing principles into your portfolio.
3. Begin mapping out a successful retirement investing strategy.