

Time for a Tune-up?

Has this ever happened to you? Only two more hours and another hundred miles until you reach your vacation destination . . . and your car's "check engine" light comes on. If only you'd scheduled that tune-up earlier! Now, fast-forward to a day when retirement is getting close. Will the "check investments" light be on in your retirement account?

Making time for regular tune-ups now will help keep your retirement account on the right road. Here are some key things to check.

Your Investment Performance

How have your investments performed recently? Don't panic if they haven't kept up with your expectations. Short-term losses can be a normal part of investing. But what about performance over longer time periods? If an investment's returns have been consistently and significantly lower than a market index that tracks the same type of investment, it could be time to consider making a change.

Your Investment Mix

Review how your account is divided up among the plan's investment choices. Do the percentages you have invested in the different asset classes still match your original asset allocation? If you have a lot more — or less — in one asset class than you originally planned, you may want to rebalance your investments. Has your retirement plan added any new investment choices? If new options are available, look at them carefully to see if they may be appropriate for your portfolio.

Your Time Horizon

If retirement is still a long way off, including a significant allocation of stock investments in your portfolio can help you get more mileage since stocks have historically earned higher returns than less risky asset types, such as bond and cash equivalent investments. (Past performance doesn't guarantee future results.)

On the other hand, if you're nearing retirement, you may want to consider downshifting into more conservative investments to reduce your exposure to risk. You may want to keep *some* stock investments in your portfolio — even after you retire — since they have the potential to produce inflation-beating returns.

Your Speed

Check your overall progress to see if your investments are on track and your long-term goals are within reach. If you're worried that you might fall short, now is the time to make the necessary adjustments — not later.