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Marc A. Hebert's 'Money \$ense': Your investment to-do list

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THE YEAR 2020 will be noted as a unique one, and this is no less true with the investment markets. Though a periodic review of your investments is important regardless of the market's doings, the COVID-19 pandemic is an impetus to review your investment goals. Here are some tasks to get you started.

At the top of the list is to examine your investment portfolio. You will want to look for anything that needs changing and review your overall strategy. Some of this may be based on your investment performance. Do you have a benchmark with which you are tracking the performance of your assets? Did the investment perform as you expected? If it didn't, why not?



Are you properly diversified and not putting all of your investment eggs in one basket? Be sure to keep your goals in mind when reviewing your portfolio. Have these changed at all?

In keeping with your asset review, it is a good time to check if your asset allocation meets your needs. By allocation, we mean the percentage of stocks versus bonds in your portfolio. Is this mix aligned with your time horizon and goals? For example, if you have a short-term goal of having a down payment for a home, you will probably not want to put these assets into an aggressive long-term portfolio.

Once you decide an appropriate percentage, you can determine which assets to purchase to fill that category. Throughout the course of a year, some of the assets could rise in value and some could fall. The assets that have risen may cause that category to now have a percentage that is outside of the original target you set. The assets that have dropped in value probably have a lower percentage than you originally wanted. It might be time for you to sell some of the categories that are above their allotted percentage and buy assets that are below theirs.

While this process is helpful in managing investment risk, it does not guarantee you a profit. There is no guarantee in the performance for any investment strategy.

When you rebalance your investments, it is a good idea to be aware of the taxes you might generate by selling certain assets. If you do decide to sell assets that have a gain, you might want to consider offsetting the gain by selling assets that have a loss. However, it is important not to let taxes solely drive your decision-making. Remember to review the

wash sale tax rules. When you sell an investment at a loss and repurchase the same or a substantially identical investment within 30 days on either side of the sale, the loss can no longer be taken on your tax return.

When reviewing your investment portfolio, it is a good idea to keep an eye on your emergency reserve. This is an important source of funds that can be used to deal with unexpected expenses that pop up, such as a car repair. If you ever face a loss of income, then an emergency reserve is the financial safety net you need. Having these savings can help you avoid having to liquidate investment assets at an inopportune time, such as during a market drop. An emergency reserve will help prevent disruptions in your savings strategy. Now is a good time to review your budget to see if more can be directed towards building or adding to your reserve.

As you review your investment accounts and emergency reserve, be sure to consider your goals. Perhaps you will want to think about other milestones you might want to attain financially, such as achieving a certain retirement date or having a college fund. With a set of fresh eyes on your finances, you could be on your way toward building a bright financial future.

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