8 Tips to Dramatically Improve Your Retirement Portfolio Right Now

Especially During These Challenging Times

- Much of the success in investing (or life) is found in *what* and *how* you think – being rational to crucial.
- "The worst thing mistake you can make in investing is to buy or sell based on current headlines." – Warren Buffett
- When making investment decisions, the media and your emotions may be a reverse indicator of what you should actually do.

1. Have Clear Investment Goals

The adage, "If you don't know where you are going, you will probably end up somewhere else," is as true of investing as anything else. **Everything from the investment plan, to the strategies used, the portfolio design, and even the individual securities can be configured with your life objectives in mind.** Avoid focusing on the latest investment fad or on maximizing short-term investment return, instead design an investment portfolio that has a high probability of achieving your long-term investment objectives.

2. Focus on the Right Kind of Performance

There are two timeframes that are important to keep in mind: the short-term and everything else. If you are a long-term investor, speculating on performance in the short-term can be a recipe for disaster because it can make you second guess your strategy and motivate short-term portfolio modifications. But looking past near - term chatter to the factors that drive long-term performance is paramount. **If you find yourself looking short-term, refocus.**

3. Diversify

The only way to create a portfolio that has the potential to provide appropriate levels of return and risk in various market scenarios is adequate diversification. Often investors think they can maximize returns by taking a large investment exposure in one security or sector. But when the market moves against such a concentrated position, it can be disastrous.

4. Know What You Own

Far too many investors don't know what they are invested in. Not knowing what the specific risks of the investment are and not understanding how it does or doesn't fit into their portfolio. Every investment should have a reason why it's in your portfolio. **Ensure that every investment in your portfolio has a reason to be there.**

5. Control What You Can

No one can predict the future, but you can take action to shape it! Similarly, you can't control what the market will do, but you can control how you react to it. **Right now the market is offering some great opportunities, use the market's volatility to *your* advantage.**

6. Reduce Your Media Consumption

There are plenty of 24-hour news channels that make money by showing "tradable" information. The key is to parse valuable information out of all the noise. Successful and seasoned investors gather information from several independent sources and conduct their own proprietary research and analysis. **Using the news as a sole source of investment analysis is a common investor mistake because by the time the information has become public, it has already been factored into market pricing.** A focus on near-term returns leads to investing in the latest investment craze or fad or investing in the assets or investment strategies that were effective in the near past. Either way, once an investment has become popular and gained the public's attention, it becomes more difficult to have an edge in determining its value.

7. Don't Try to be a Market Timing Genius

Market timing is next to impossible. For people who are not well trained, trying to make a well-timed call can be their undoing. An investor that was out of the market during the top 10 trading days for the S&P 500 Index from 1993 to 2013 would have achieved a 5.4% annualized return instead of 9.2% by staying invested. This difference suggests that you are better off contributing consistently to your investment portfolio rather than trying to trade in and out in an attempt to time the market.

8. Review Investments & Rebalance

If you are invested in a diversified portfolio, there is an excellent chance that some things will go up while others go down. At the end of a quarter or a year, the portfolio you built with careful planning will start to look quite different. **Check in regularly and rebalance to make sure that your investments still make sense for your situation.**

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