

BUILDING BLOCKS FOR RETIREMENT

Revisiting Your Portfolio

Year-End Investment Moves Can Pay Off

What's on your end-of-the-year to-do list? Shopping for gifts? Making travel plans? Hosting a party? What about spending some time with your investments? Conducting a review and making important strategy decisions before 2017 comes to a close can help you get your portfolio on the right track for 2018.

Review, Reassess, Rebalance

Review your portfolio to see if investments are performing as you expected when you chose them and to help ensure your asset allocation hasn't strayed from your risk tolerance comfort zone. From year to year, various asset classes may perform differently in response to market and economic conditions. If one asset class now represents a greater percentage of your portfolio than you intended, consider rebalancing to bring your portfolio back to its original mix.



Also consider whether your time horizon, risk tolerance or goals have changed since you chose your investments. If so, rebalancing can bring your investment mix more in line with your current thinking.*

Hold On for a Better Tax Deal

Before you sell an investment, consider how long you've owned it. Gains on investments held longer than one year generally qualify for long-term capital gains tax rates when you sell. Currently, the capital gains rates on most long-term investments are 15% for most taxpayers, 20% for taxpayers in the 39.6% tax bracket, and 0% for those in the lowest two tax brackets. Gains on assets held for one year or less are taxed at your regular income tax rate, which could be as high as 39.6%. The rate differential may make a significant difference in your tax bill.

Fund Your Retirement

You may be able to deduct all or a portion of contributions you make to a traditional individual retirement account (IRA) by April 18, 2017, on your 2016 income-tax return. Talk to your tax advisor about the deduction requirements. Your financial professional can provide investment options that fit your personal financial situation.

Rebalancing a portfolio may create a taxable event if done outside a retirement account.

* Strategies such as asset allocation and/or diversification do not prevent loss in a falling market or ensure a profit.

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