# BUILDING BLOCKS FOR RETIREMENT

## Investment Strategy

## Switching Investments

Your retirement plan gives you the flexibility to change your investment choices if you consider it appropriate to do so. When does it make sense to add or subtract from your holdings in one or more funds in your plan account? Here are some times when you might consider making a switch.

### When Your Retirement Is Drawing Closer

Making your investment decisions based on the number of working years you have ahead of you is key to successful retirement investing. So, too, is basing your investing decisions on your tolerance for investment risk. Younger participants with many years left until retirement may be able to take on a higher level of investment risk since their long-term investment horizon gives them time to ride out any downturns in the investment markets. As you near retirement you probably can't afford to take excessive risk with your retirement assets.

If you plan to retire in five years or less, it may be appropriate to shift from a strategy of growth to one that seeks to protect your assets. By emphasizing asset preservation, part of your retirement plan portfolio may be protected if the stock market falls significantly.

### When Your Tolerance for Risk Changes

It's important to have a long-term perspective as a retirement plan investor since the market can have periods of volatility. However, your tolerance for the market's fluctuations may change due to unforeseen financial occurrences throughout your life -- the loss of a job, the need to save for a child's college education, or a health crisis. If it does, you may want to review your asset mix to see if you can restructure your portfolio so that you are more comfortable with its risk level.

### When Your Portfolio Needs to Be Rebalanced

You choose how to allocate the investments among the different asset classes in your retirement plan account by considering your time frame for investing, your tolerance for investment risk, and other assets you may own. However, any change -- up or down -- in one investment class can throw your allocations off balance. When that occurs, you may want to rebalance your retirement plan portfolio to reestablish the percentages you had initially allocated to stocks, bonds, and cash investments. You may have to sell some investments and buy others to achieve the rebalanced plan account you originally constructed.

PENTEGRA

701 Westchester Ave, Suite 320E, White Plains, New York, 10604