

The Right Mix for Right Now

When you're investing for retirement, mixing together different types of investments may help you achieve your long-term goals. But what's the right mix for you?



Ingredients for Investing

Your retirement plan likely offers funds or portfolios that hold investments in the three main asset classes:

Stocks - are shares of ownership in the issuing company. The value of a company's stock will fluctuate. Stocks generally provide the highest potential long-term returns. However, stocks also have the greatest risk of short-term losses.

Bonds - are basically loans to a company or government for a specific period at a specific interest rate. Bonds tend to provide more modest returns than stocks but are generally less volatile.

Cash - Money market securities, are short-term investments that can easily be turned into cash without losing much, if any, of their value. Considered the least risky of the three main asset classes, cash investments offer the lowest potential returns.

Cooking Times Vary

The longer you have before you plan to retire, the more comfortable you may be with the risk that your investments could lose value. As you get closer to your retirement date, you may want to choose investments that will help you preserve the value of your portfolio.

- Early in your career, you may want to consider investing a significant portion of your portfolio in stock investments to increase the potential for long-term growth.
- During the middle years, consider maintaining a portion of your portfolio in stock investments.
- As you near retirement, you may want to shift more of your investments into bond and cash investments to reduce the risk of loss and help maintain the value of your portfolio.

Over time, the way you allocate your assets probably should change. The asset allocation you choose today might not be right for you later on. It's a good idea to regularly check your investments and adjust your asset allocation as needed.

