

# Don't Let Investments Take a Vacation

Summertime is almost here — and for many people that means it's time to hit the road. But even if you decide to take a vacation, you'll want other areas of your life to keep working — especially your investments.

So, how can you prevent your investments, and your overall financial strategy, from going on “vacation”? Here are a few suggestions:

- *Check your progress.* You want your investments to be working hard for you, so you'll need to check on their performance periodically — but be careful about how you evaluate results. Don't compare your portfolio's results against those of a market index, such as the S&P 500, which tracks the stock performance of 500 large U.S. companies listed on American stock exchanges. This comparison may not be particularly valid because your own portfolio ideally should include a range of investments, including U.S. and foreign stocks, corporate and government bonds, certificates of deposit (CDs) and other securities. So, instead of checking your progress against a market index, use benchmarks meaningful to your individual situation, such as whether your portfolio is showing enough growth potential based on a compounding rate of return to keep you moving toward a comfortable retirement and other long-term goals.

- *Invest with a purpose.* When you work intensely at something, it's usually because you have a definite result in mind. And this sense of purpose applies to investing, too. If you buy a stock here, and another one there, based on “hot” tips you might have seen on television or the internet, you may end up with a jumbled sort of portfolio that doesn't really reflect your needs. Instead, try to follow a long-term investment strategy based on your financial goals, risk tolerance, asset accumulation needs, liquidity and time horizon, always with an eye toward where you

want to go in life — how long you plan to work, what sort of retirement lifestyle you envision, and so on.

- *Be strategic with your investments.* Over the years, you will likely have a variety of competing financial goals — and you'll want your investment portfolio working to help achieve all of them. That means, though, that you'll likely need to match certain investments with specific goals. For example, when you contribute to an IRA and a 401(k) or similar plan, you're putting away money for retirement. But if you want to help your children go to college or receive some other type of post-secondary education or training, you might want to save in a 529 education savings plan, which allows tax-free withdrawals for qualified education expenses. Or, if you want to save for a short-term goal, such as a wedding or a long vacation, you might choose an investment that offers significant protection of principal, so the money will be available when you need it. Ultimately, this type of goals-based investing can help ensure your portfolio is always working on your behalf, in the way you intended.

When you take a vacation, you will hopefully be more relaxed and refreshed. But if you let your investments stop working as hard as they should, the results could be stressful. So, be diligent about your investment strategy, monitor it regularly and make those moves appropriate for your situation. By doing so, you can't necessarily guarantee a long day at the beach, but you'll have a good chance of enjoying a sunny outlook.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*

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