



**SHARKEY, HOWES & JAVER**  
PERSONAL FINANCIAL MANAGEMENT  
shwj.com

720 S. Colorado Blvd.  
Suite 600 South Tower  
Denver, CO 80246

303-639-5100  
800-557-9380  
303-759-2335 Fax

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**Be Careful When Rebalancing Your Portfolio**  
**By: Mimi Hackley, MPH, CFP®**

Severe market volatility may cause even the most experienced investors to make extreme investment decisions. As the market spiraled downward in late 2008 and 2009, many investors watched their stock and bond positions shrink with the market until they could no longer stand the shrinkage, at which point they ran for safety at exactly the wrong time.

If you are reeling from the impact of wild market swings, before you run for cover in “safe” vehicles like cash, CDs and money markets, it would be wise to ask for advice first. If you’re one of many who reallocated your portfolio to a more conservative stance near the bottom of the market, it would be a good time to ascertain whether staying put will really help you achieve your goals. If you feel you’ve been too emotional about your investments or you are having difficulty separating your emotions from your logic, a Certified Financial Planner™ professional can evaluate your goals in relation to your current investments to make sure you’re positioning your portfolio properly. Such a review is beneficial for investors because it minimizes emotional decision-making in favor of a logical and deliberate approach to reaching your goals. In fact, after one of the worst market declines since the Great Depression, now is a terrific time to seek good financial advice.

Is a low return from a “safe” asset good enough? While keeping your investments safe feels good, most investors’ goals are expensive enough that they can’t be reached by achieving 1 or 2 percent annual returns. Instead, most goals require a mix of risk and caution mainly achieved through a combination of equity and fixed-income investments. The percentage of each type of asset category in your portfolio is dependent on your individual goals and circumstances, as well as the length of your time horizon until you need the money, and how much you have saved thus far.

Will staying in cash and bonds be a mistake? Unfortunately, when you move money to fixed cash accounts at or near the bottom of a market cycle you may actually lock in losses of as much as 50 percent, or delay for several years your portfolio’s recovery. Unless you need the money within the next few years, you should bite the bullet and try to maintain only as aggressive a stance as is needed to reach your goals. Doing so will afford you the most opportunity for recovery and future growth.

*Mimi N. Hackley, MPH, CFP®, is Director of Financial Planning at Sharkey, Howes & Javer, Inc., a Denver based, FEE-ONLY, financial planning and investment management firm and a supporter of the Colorado Dental Association. Visit us at [www.SHWJ.com](http://www.SHWJ.com) or call for more information at 303-639-5100.*