

# HOW TO REBALANCE YOUR 401(k)

## YOUR 401(k) INVESTMENT MIX

Your asset allocation is your mix of investments. This may be a target-date fund, or it may be a portfolio with exposure to a variety of different asset categories. It is important to consider your goals, risk tolerance, and time horizon to retirement when selecting your 401(k) investment mix. But over time, market fluctuations can cause your asset allocation to shift away from your original strategy.

### Should I Rebalance My 401(k)?

If you built your own investment mix, consider a periodic rebalance.

## WHAT IS REBALANCING?

Rebalancing periodically readjusts your investment mix back to its original settings, like hitting a reset button. Additionally, a rebalancer aims to buy low and sell high. When you rebalance, you sell some appreciated assets and purchase others with lower valuations. Essentially, you buy your losers and sell your winners. While this sounds counterintuitive, regular rebalancing may increase overall portfolio returns over time.

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## REBALANCE AUTOMATICALLY

Most 401(k) plan websites offer an automatic rebalancer tool. You can log into your online account and set up a periodic rebalancer that will run automatically. Typically you can choose the frequency (quarterly, semi-annually, or annually). Once you set up the automatic rebalancer, you will not have to take any action to rebalance your portfolio on a regular basis. You may turn off the rebalancer or adjust your frequency at any time. Log in to your 401(k) account today to see if your plan offers an automatic rebalancer.

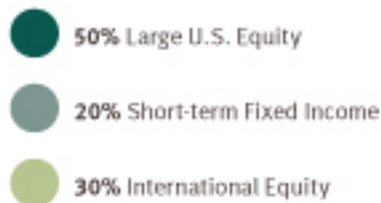
## REBALANCING: AN EXAMPLE

Fluctuations in the investment markets cause our investment mix to shift away from our original asset allocation over time. Rebalancing restores the portfolio to your original intended asset allocation.

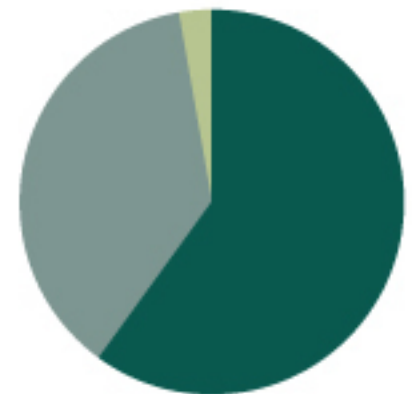
ORIGINAL INVESTMENT MIX



SHIFT DUE TO MARKET ACTIVITY



REBALANCED



This example is for illustrative purposes only. Asset allocation, diversification, and rebalancing do not guarantee a profit or protect against a loss.

**Note:** If you are invested in a single target-date fund, do not worry about rebalancing. Target-date funds rebalance automatically.

**Have questions?** Contact our plan consultants at The Partners Group at [retirement@tpgrp.com](mailto:retirement@tpgrp.com).

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