



How to Set Up Your Portfolio when You Retire

(Thanks, Rich, for your listener letter. You were the inspiration for this show.)

1. Decide on your asset allocation based on both your needs and your tolerance for risk. Are you comfortable having all of your money in the stock market? Some studies show it will work out, but that's just academic research. If the market crashed just when you need money, you could be wiped out in your retirement – and then you can't go back to work!
2. Where should pull money from your investments? Keep readjusting your asset allocation, which means sometimes you'll take it from your stocks, sometimes from your bonds, and sometimes from your cash or other assets.
3. Keep a large cash position in case of emergency, but don't deplete it and then refill it, and deplete and refill, over and over. Instead, as you use cash, let the interest and dividends replenish it, or else sell some assets.
4. Think carefully about how much of an emergency fund you really need. Three to six months? One or two years? Depending on your work situation, your income streams, pensions, and family situation, you might need more or less. At the very least, start with three months of spending, but then consider whether you need more.
5. Don't constantly rebalance. Reviewing the balance a few times a year should be sufficient, unless a huge market swing really messes it up. But you should have enough cash to keep you going in the event of a major market move.
6. When selling stocks in a taxable account, look to balance the realized capital gains with losses. If you sell positions that have gains in the same year as positions that have losses, you can offset one against the other and lower your current tax bill.

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Every show includes a discussion with an expert on how to invest for success. Host Douglas Goldstein, CFP® uses his 25 years of experience as a financial advisor to make money concepts simple to understand. Practical lessons give you tools and tips so you can make real changes. Contact Doug at Doug@Profile-Financial.com or call +972-2-624-2788.