

## Why you need a diversified portfolio [1]

May 4, 2018 by [Employee Services](#) [2]

If you could see the future, there would be little reason to diversify your portfolio. However, if you lack psychic abilities, diversification can be your best friend when it comes to investing.

### Four Good Reasons to Diversify

1. **Markets are hard to predict.** There are many successful investors, but very few who can reliably forecast the markets' twists and turns over time. The better strategy for unpredictable markets is to be invested across a broad spectrum of investments at all times.
2. **Diversification can reduce portfolio fluctuations.** While diversification cannot eliminate all ups and downs, it can reduce the effects of market swings on your portfolio.
3. **Reduced volatility can translate into higher returns.** A key to long-term outperformance is to minimize the number and size of negative returns.
4. **Diversification is a restraint on bad behaviors.** Investors have human emotions and biases, such as fear and greed, which can lead to bad investment decisions. A disciplined, objective approach to diversification can help eliminate this risk.

### Managing Your Diversified Portfolio

Building a diversified portfolio is not a "set it and forget it" exercise. You need to regularly review your investments to:

- Determine if they continue to meet your return and risk expectations
- Rebalance your portfolio back to its original mix of investment types
- Review your personal and financial situation for any changes that might adjust your current strategy

If you are comfortable selecting investments for your retirement savings, then the CU plan offers a wide range of investment choices from which to build an asset allocation that best fits your personal investment objectives. However, if you would like some assistance in creating an appropriate portfolio, you can access TIAA's online advice tool, or meet with a TIAA financial consultant at no additional cost.

## **We're Here to Help**

If you'd like a professional evaluation of your portfolio, a TIAA financial consultant can meet with you on any CU campus, over the phone or in person by appointment at the Denver, Fort Collins and Boulder offices. To schedule your session, call 800-732-8353, 6 a.m. to 6 p.m. (MT), Monday through Friday, or visit [TIAA.org/schedulenow](https://www.tiaa.org/schedulenow).

## **Additional Information**

Diversification is a technique to help reduce risk. However, there is no guarantee that diversification will protect against a loss of income.

Before consolidating assets, be sure to carefully consider the benefits of both the existing and new product. There will likely be differences in features, costs, surrender charges, services, company strength and other important aspects. There may also be tax consequences or other penalties associated with the transfer of assets. Indirect transfers may be subject to taxation and penalties. Speak with a TIAA consultant and your tax advisor regarding your situation.

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