PERSONAL INVESTMENT

POLICY STATEMENT

Write the rules while markets are calm. Keep this document short enough to reread before a stressful trade.

HOW TO USE THIS WORKSHEET

Start with your goal and time horizon. Then define allocation, rebalancing, liquidity, and the conditions that justify changing the plan. Review it on a schedule and after major life changes - not simply because markets fell.

1. Purpose and scope

ACCOUNTS COVERED

PRIMARY GOAL

TIME HORIZON

MONEY NEEDED WITHIN 5 YEARS

NEXT SCHEDULED REVIEW

WHY THIS ALLOCATION FITS MY RISK CAPACITY

STARTING POINT

A personal IPS should state what the money is for, when it may be needed, and why the chosen risk level is tolerable before it lists trading rules.

PORTFOLIO STRUCTURE

TARGET ALLOCATION + REBALANCING

Set the portfolio target first. Then define exactly how you will maintain it without improvising during normal market moves.

2. Target allocation

Use broad asset classes. If your household uses several accounts, treat the target as one overall policy while noting account-specific constraints separately.

ASSET CLASS	TARGET %	ALLOWED RANGE	PRIMARY ACCOUNT / NC
U.S. stocks			
International stocks			
Bonds / fixed income			
Cash			
Other			

Target percentages should total 100%. Ranges are personal guardrails, not universal recommendations.

3. Rebalancing rule

Choose a routine review cadence and a trigger that is specific enough to act on without improvising.

ROUTINE REVIEW CADENCE

REBALANCE WHEN...

- [ ] Use contributions / withdrawals first when practical.
- [ ] Check taxes / costs before selling.

STRESS RULES

DRAWDOWNS + LIQUIDITY

The goal is not to remove fear. It is to make fear compete with a document written under better conditions.

4. Drawdown response

Write the review trigger now. The trigger is a prompt to check the plan, not automatic permission to abandon it.

REVIEW TRIGGER (EXAMPLE: PORTFOLIO DOWN 15%)

COOLING-OFF PERIOD FOR DISCRETIONARY ALLOCATION CHANGES

When the trigger is hit, I will check:

- ☐ Did my goal change?
- ☐ Did my time horizon change?
- ☐ Did liquidity needs change?
- ☐ Did my ability to bear risk change?
- ☐ Did tax / legal constraints change?

DEFAULT RULE

A market decline or frightening headline alone does not authorize a strategic allocation change. If the plan still fits, follow the written rebalancing rule.

5. Cash and liquidity

Separate near-term spending and emergency cash from the portfolio assets meant to compound for longer-term goals.

EMERGENCY RESERVE

NEAR-TERM SPENDING NEEDS

WHERE CASH / DEFENSIVE ASSETS ARE HELD

- ☐ My stock allocation is not my emergency fund.
- ☐ Urgent liquidity can override the cooling-off rule.

DECISION GOVERNANCE

WHEN THE POLICY MAY CHANGE

Make the exception process harder than reacting to prices. A strategic change should require a reason larger than market movement.

6. What can override this policy?

Check only conditions that can genuinely change the suitability of the plan. Price movement by itself is not a policy change.

- ☐ Goal changed
- ☐ Time horizon changed
- ☐ Risk capacity changed
- ☐ Liquidity need changed
- ☐ Major life event
- ☐ Tax / legal constraint

NOT sufficient by itself: market fell | scary headline | recent underperformance | fear of missing out

7. Implementation notes

Record the details that matter but do not belong in the core decision rules.

FUNDS / ASSET CLASSES / TAX-SENSITIVE RULES / EXCLUSIONS

COMMITMENT This signature is a commitment device for the personal policy described here. It does not turn the worksheet into an investment guarantee or legal contract.

NAME / SIGNATURE

DATE