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Portfolio Rebalancing Rule Worksheet

Build a written review rule, trade trigger, and execution order. Companion to TheFinSense's Portfolio Rebalancing Strategy article.

The core idea
Review trigger = when you look. **Trade trigger** = when drift is large enough to act. They do not have to be the same event.

1. Define the portfolio you are managing

Portfolio / goal		**Date**	
Accounts included		**Household view?**	☐ Yes

2. Write the target allocation

Use the major sleeves that drive risk. Add a separate line only when it represents a deliberate allocation decision.

Asset class / sleeve	Target %	Current %	Drift
Total	100%		

3. Choose the review rule

☐ Calendar review	☐ Threshold monitoring	☐ Hybrid review + threshold
Review every:		Next review date:

4. Define the trade trigger precisely

Threshold unit

☐ Absolute percentage points ☐ Relative to target weight

My threshold:

Trade destination:

☐ Back to target ☐ Part-way back ☐ Other written destination

Unit check: A 5-percentage-point band around a 60% stock target triggers outside 55%-65%. A 20% relative band around the same target spans 48%-72%.

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Execution Order

A trigger tells you that the portfolio is outside the rule. It does not automatically tell you to sell first.

5. Decide what happens before a sale

- ☐ Direct new contributions toward underweight assets when practical.
- ☐ Use dividends, interest, or scheduled withdrawals to reduce drift when practical.
- ☐ Check whether another account serving the same goal can absorb the adjustment.
- ☐ In a taxable account, review unrealized gains/losses and holding periods before selling.
- ☐ If selling at a loss, check for wash-sale interactions across relevant accounts.

6. Write what does NOT trigger a rebalance

Examples: a scary headline, a market forecast, or one fund trailing for a few months. A real change in goals, horizon, income stability, or risk capacity may justify a new target - that is an allocation decision, not a routine rebalance.

7. Complete your rule in one sentence

My rebalancing rule

Review my portfolio ________________. If ________________ moves more than ________________ from its target, first use ________________. If a trade is still required, rebalance to ________________.

Worked example

Target	60% stocks / 40% bonds
Current	66% stocks / 34% bonds
Rule	Review quarterly; trade if a major sleeve is more than 5 percentage points from target.
Result	Stocks are 6 percentage points above target, so the threshold is crossed. Use available cash flows first, then reassess before selling.

8. Notes for the next review

Use this worksheet as a process aid, not a universal recommendation.

A suitable threshold depends on portfolio design, taxes, costs, cash flows, monitoring capacity, and risk tolerance. Rebalancing mainly keeps allocation risk near a chosen target; it does not guarantee higher returns.

Companion article: thefinsense.io/portfolio-rebalancing-strategy/