# Asset Allocation Decision Worksheet

Define what the money is for, choose a target you can hold, and write the rules that separate rebalancing from changing the plan.

**No model portfolio is provided here.** This worksheet helps you document your own target and maintenance rules. A market move by itself does not tell you that your target is wrong.

## 1 Define the job of the money

PRIMARY GOAL

TARGET DATE OR EARLIEST USE

HOW FLEXIBLE IS THE DATE?

CASH LIKELY NEEDED BEFORE THEN

MONEY THAT SHOULD NOT SHARE THIS ALLOCATION

List near-term goals or cash needs that deserve a separate short-horizon bucket.

## 2 Stress-test the target before choosing percentages

RISK CAPACITY

What loss could the household absorb without missing the goal or needing to sell for cash?

RISK TOLERANCE

What kind of decline or volatility would make you tempted to abandon the plan?

EVIDENCE THAT COULD JUSTIFY CHANGING THE TARGET

Examples: a material change in the goal date, liquidity need, job/income stability, tax/account constraints, or ability to bear loss.

# Target & Rebalancing Rules

Record the portfolio target and the maintenance rule you will use when weights drift.

## 3 Write the target, range, and current weights

| Portfolio sleeve | Target % | Allowed range | Current % | Abs. drift (pp) | Action? |
|---|---|---|---|---|---|
| Stocks / equities | | | | | |
| Bonds / fixed income | | | | | |
| Cash | | | | | |
| Other: ____________ | | | | | |
| **Total** | **100%** | - | **100%** | - | - |

**Absolute drift (percentage points)** = |current weight - target weight|. Do not add signed drift across sleeves; those differences offset by construction. If you use ranges, compare the current weight with the written range rather than treating one point estimate as uniquely correct.

## 4 Choose a rebalancing rule

- [ ] **Calendar review** - Inspect the portfolio on: ___________________________
- [ ] **Band rule** - Rebalance when a sleeve moves outside its written range or more than ______ percentage points from target.
- [ ] **Cash-flow first** - Direct contributions or withdrawals toward underweight sleeves before selling.
- [ ] **Hybrid** - Describe the rule: __________________________________________________________________

There is no universal default band or schedule. Taxes, transaction costs, account restrictions, cash flows, and your desired risk control all matter.

**PREFERRED FUNDING ORDER**

______________________________________________

**ACCOUNTS / TAX CONSTRAINTS TO CHECK**

______________________________________________

# Target Changes & Override Rules

Separate ordinary portfolio drift from a genuine change in the household facts that made the target appropriate.

## 5 Separate a rebalance from a target change

**Only market prices or weights changed?**

The goal, horizon, cash needs, tax constraints, and ability to bear loss are materially unchanged.

**Default:** keep the target; rebalance only if your written maintenance rule calls for it.

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**Household facts changed materially?**

Examples: goal date, liquidity need, employment/income stability, retirement plan, tax/account constraint, or risk capacity.

**Response:** review whether the target itself still fits before trading.

## 6 Write the override rule before the next sell-off

**WHO REVIEWS A TARGET CHANGE?**

____________________

____________________

**COOLING-OFF RULE FOR NON-URGENT CHANGES**

____________________

____________________

**MINIMUM EVIDENCE REQUIRED BEFORE CHANGING THE TARGET**

____________________

____________________

____________________

**URGENT EXCEPTIONS THAT SHOULD NOT WAIT**

Examples might include an immediate cash need, fraud response, or a legal/account restriction that requires action.

____________________

____________________

# Decision Log

Record why you reviewed the portfolio, what you decided, and the evidence that supported the action.

## 7 Decision log

| Date | Trigger | Decision | Evidence / action taken |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

**Quick check:** If your reason for changing the target can be reduced to "the market fell" or "something else recently did better," you probably have not identified a change in the household facts that made the original target unsuitable.