# Asking to Assess My Asset Assumptions

A few days ago I had a conversation with a fellow finance nerd-friend about asset allocation. She asked how I make my investment decisions -- I pointed her to my reading list and explained my general approach that I've explained here. Following that conversation, I realized I am overdue for a checkup -- while I have my 401(k) set to rebalance automatically, that's not true for my brokerage account or Roth IRA. I don't believe in following my investment performance on a regular basis, but occasional check-ins are important to make sure we're still on track. And not lying to our friends. It was keeping me up at night (not really), so I decided this would be a good time to see if I what I said I was doing was really in fact what I was actually doing.

What I said before:

Across accounts, I have about 80% in equity (stock) index funds, 10% in bond index funds, 5% in a Real Estate Investment Trust (REIT) index fund, and 5% in individual stocks that I treat as money I'm planning to lose but in the meantime am having fun using to bet on companies I think are doing cool things. Within that 80% of stocks, it's about 80% U.S. equities (S&P 500 index or a total stock market index) and 20% international equities (also through index funds).

Since determining that target allocation last year, I've been investing regularly (thanks, robots!) in my brokerage account and I knew the results would be skewed a bit. So, I tallied up all of my investments across my three accounts, listed the total amount of each, and then assigned each investment a general category of stocks, bonds, and my Real Estate Investment Trust (REIT) index fund.

Here's what I actually have:

- Stock 88%
  - Total Stock Market Index (49.8%)
  - S&P 500 Index (12.66%)
  - International Stock Index (13.27%)
  - Small Cap Index (6.45%)
  - Dividend Index (3.16%)
  - Individual stocks (2.66%)
- Bonds 9.4%
- REIT 2.6%

Is this the "right" allocation? Absolutely not. (There's no such thing!) Is it one I'm happy with? Absolutely yes. By some measures it's too heavy on the stock side, but I feel OK about that -- I've got plenty of time for my money to grow (and to ride any wild market swings) and my "true emergency" fund is ~~more heavily weighted towards~~ cash and bonds. This summary also does not include the equity in my house, which would swing the numbers towards real estate ... for now, as long as I live here, I'm not including it in my calculations. I feel OK about that too, so long as I have a roof, four walls, and a cozy bed to oversleep in.