

Step 9 - Monitor and adjust your financial plan time-efficiently

Category : Financial Planning -- 10 Personal Steps in the Right Direction

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Monitor and adjust your financial plan in a time-efficient manner Step 9 of "10 Financial Planning Steps in the Right Direction" [CLICK HERE TO READ THE SKILLED INVESTOR'S OTHER ARTICLES ABOUT THESE "10 FINANCIAL PLANNING STEPS IN THE RIGHT DIRECTION"](#) Time in life is the most precious and perishable asset that a person has. It should be spent enjoyably and efficiently. Scientific investment strategies that rely on relatively efficient financial markets allow people to minimize their time commitment to investment management. Yet, on average, they are still expected to obtain optimal risk-adjusted portfolio returns that are near the market's return. *The Skilled Investor's* ten-step process envisions time-efficiency throughout all its phases. When pursuing optimal investment strategies and controlling costs, you also need to establish a time-efficient system to monitor, adjust, and adhere to your plan. Personal financial planning and investing is a lifelong process and not a one-time exercise. Personal situations and financial requirements change, as do the economy and the financial markets. Investment plans need to evolve. By establishing optimal practices at the outset, you can reduce your investment management time and get on with other things you might prefer to do. Scientifically valid investment strategies often are more time efficient, largely because they are consistently passive rather than active in nature. For example, given [the diversification imperative of Step 4](#), it is questionable whether the vast majority of individual investors should own any common stocks or individual bonds directly. Instead, they can achieve similar expected returns with lower risk by owning mutual funds or exchange-traded funds. A side benefit of choosing index mutual fund and ETF fund-based investments is to be more time efficient. Mutual funds and exchange-traded funds require far less personal attention. Managing a well-diversified portfolio of individual securities is a task that professionals can manage much more economically. Not owning individual securities means that individual investors do not have to keep up with and decide on a myriad of minutia about dozens or hundreds of companies. Most individuals are poor portfolio managers. For the great majority of investors, portfolio self-management yields inferior risk-adjusted results. (See: [What is the cost to individual investors of sub-optimal diversification?](#)) Monitoring and adjusting your investment plan requires a periodic commitment of your time, but that commitment can be modest. If you choose optimal investment strategies and properly automate your financial tracking and periodic investing to the degree possible, then spending more time on personal finance becomes a matter of choice and not a necessity. Despite the great importance of financial planning and investment programs, people have lives to live, work to attend to, and family and friends to love and play with. Financial and investment planning should not impose an excessive time burden, and the personal time expended should be cost-effectively applied. Unless financial planning and investing is an enjoyable hobby, which it is to some, there is a significant personal cost to spending time on personal finances. It is important to calculate one's "effective hourly wage" for the time spent on investment management and to ensure that this hourly wage remains high. See these financial planning and investment management personal efficiency articles about the value of your time: ->[The value and opportunity cost of your time](#) ->[Scientific investment strategies tend to be more time efficient](#) ->[Value-added and value-diminishing investor activities](#) ->[Calculating your investment wage and the opportunity cost of your time](#)