



Making the Most of Your Money by Susan Carr-Templeton 10/25/10

Are You Guilty Of Investment Portfolio Neglect?

All week, CNBC has been running segments on the biggest investment mistakes that Wall Street's smartest investors have made. Among the experts who made mistakes: Pimco's Bill Gross, Berkshire Hathaway's Warren Buffett and BP Capital Management's T. Boone Pickens. Bill Gross refused a loan to Warren Buffett when Buffett was starting his own firm. He also passed when Sam Walton came to him with one Wal-Mart store and wanted to raise funds to expand his store.



In hearing about these mistakes, I thought about mine and what I could share with readers that would help them in managing their portfolio. I have certainly made many investment mistakes during the more than 20 years that I have worked in the industry, and believe that I have learned from every one of them to become a better investor. Perhaps the most costly one has been one that I think many of us are guilty of: portfolio neglect.

As the saying goes: "The cobbler's children have no shoes." Sometimes I spend so much time with my clients and business that I neglect my own portfolio. When I recall the bull markets and how I got distracted or busy with clients and left so much of my investment portfolio in cash, the mistake adds up to more than the total of the bad decisions that I have made.

As I asked my peers in the industry, I was surprised to hear much of the same. We in the investment business have all the tools and knowledge of investing at our fingertips but we put it aside with plans to get to it another day.

So how do you prevent investment portfolio neglect?

At a basic level, it means looking at your investment portfolio's assets every quarter. But, depending on the types of assets in your investment portfolio, you may want to review it more often.

Getting back to my peers, I also learned that many of them have handed their personal investment portfolios to another advisor to manage. The management fee feels small compared to the damage that can be done through neglect. If I had done this a long time ago, my investment portfolio would

have earned much more than what it has to date. I have since gotten disciplined and now manage my investment portfolio right along with those of my clients.

So think about your investment portfolio and be sure you are giving it the ongoing attention that an investment portfolio needs. If not, remember, an annual management fee is small relative to the costly mistakes that can be made.



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