**Investment Policy Statement (IPS)**

**FREE TEMPLATE**

**I.** **PURPOSE OF THE INVESTMENT POLICY STATEMENT**

The purpose of this investment policy statement (IPS) is to:

* Establish the investment objectives and goals for my investment portfolio
* Define the target asset allocation and rebalancing procedures
* Determine the types of investments I will use
* Establish a framework for how I will select investments
* Create rules for how I will monitor my investments

This IPS is intended to serve as a decision-making tool and discipline framework. It is intended to be specific, yet flexible enough to be practical.

**II.** **GOALS - WHAT PURPOSE DOES THE MONEY SERVE?**My money is a tool to achieve my goals. My goals are as follows:

* INSERT YOUR GOALS
* INSERT YOUR GOALS
* INSERT YOUR GOALS
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My investing time horizon is XX years. I plan to start withdrawals in XX years.

**III.** **INVESTMENT ALLOCATION TARGETS**

I will always manage my investments to the targets below. I have determined this is the appropriate amount of risk I am comfortable with and will help me achieve my goals.

**Account(s):**

Stocks (%): \_\_\_\_\_\_\_\_\_\_\_ Bonds (%): \_\_\_\_\_\_\_\_\_\_\_ Cash (%): \_\_\_\_\_\_\_\_\_\_\_

Notes:

**Account(s):**

Stocks (%): \_\_\_\_\_\_\_\_\_\_\_ Bonds (%): \_\_\_\_\_\_\_\_\_\_\_ Cash (%): \_\_\_\_\_\_\_\_\_\_\_

Notes:

**Account(s):**

Stocks (%): \_\_\_\_\_\_\_\_\_\_\_ Bonds (%): \_\_\_\_\_\_\_\_\_\_\_ Cash (%): \_\_\_\_\_\_\_\_\_\_\_

Notes:

**Account(s):**

Stocks (%): \_\_\_\_\_\_\_\_\_\_\_ Bonds (%): \_\_\_\_\_\_\_\_\_\_\_ Cash (%): \_\_\_\_\_\_\_\_\_\_\_

Notes:

IF YOU WANT TO CUSTOMIZE FURTHER, YOU CAN SPECIFY ALLOCATION BY ASSET CLASS

|  |  |
| --- | --- |
| **Asset Class** | **Target %** |
| US Equity |  |
| International Developed Equity |  |
| Emerging Market Equity |  |
| Domestic Real Estate |  |
| International Real Estate |  |
| US Government Bonds |  |
| Investment Grade Corporate Bonds |  |
| High-Yield Bonds |  |

**IV.** **TYPES OF INVESTMENTS**I will only use the types of investments in the “allowable” column below. I will not use investments from the “not allowable” column.

I have determined the allowable investments will meet my goals. I have specifically excluded investments from the not allowable list because INSERT YOUR REASON(S).

**Asset Constraints**BELOW IS A RANDOM MIX OF ALLOWABLE AND NOT ALLOWABLE INVESTMENTS - PLEASE CUSTOMIZE TO YOUR LIKING.

|  |  |
| --- | --- |
| **Allowable** | **Not Allowable** |
| ETFs | Funds that cost more than 0.9% |
| Indexed mutual funds | Using margin |
| Individual stocks* No more than 10% of the entire portfolio
* No individual holding exceeding 5% of entire portfolio
 | Leveraged ETFs |
| Commodities | Private real estate |
| Collectibles | Futures |
| Art | Hedge funds  |
| Venture capital | Private loans |
| Private equity |  |

**V.** **FRAMEWORK FOR SELECTING INVESTMENTS**

Because new investments continually come to market and old investments regularly become popular, below is a framework for how I will select investments for my portfolio.

BELOW IS A SAMPLE. YOU SHOULD ADAPT FOR YOUR OWN LIKING.

* Fees: only choose funds in the bottom quartile of expenses
* Investment style: index for at least 90% of the portfolio and active management can be up to 10%
* Taxes: only choose funds with historical capital gain distributions below 3%
* Access: no funds with lock ups, gates, or liquidation costs
* Complexity: funds must be transparent - no black box

**VI.** **MONITORING INVESTMENTS**

I will review my portfolio on XX dates. I will rebalance on those dates if any position is 20% above or below its target position.

I will look at capital gain distributions on November 5 of each year to see if a fund should be sold prior to the distribution.

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Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_