

Understanding Time Horizons

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Time Horizons: Why They Matter in Investing

When it comes to investing, one size doesn't fit all. Your time horizon—how long you plan to hold an investment before needing the money—is a critical factor in shaping your investment strategy.

What Is a Time Horizon?

A time horizon is the expected length of time before you'll need to use the funds you've invested. It could be short-term (under 3 years), medium-term (3–10 years), or long-term (10+ years), depending on your goals.

Why It Matters

Your time horizon helps determine how much risk you can afford to take:

- Short-term investors may want more conservative options like cash or bonds to protect against market volatility.
- Long-term investors can typically take on more risk—such as investing in stocks—because they have time to ride out market ups and downs.

Aligning Strategy with Goals

If you're saving for a house in two years, your investments should prioritize stability. But if you're planning for retirement 20 years from now, your strategy can focus more on growth. Matching your investments to your time horizon helps ensure you're on the right path and not taking on unnecessary risk—or missing out on potential returns.

Final Thought

Understanding your time horizon helps build a portfolio that fits your needs today and in the future. Not sure what your time horizon is? Let's talk about your goals and create a plan that aligns with your timeline and comfort level.

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