

# Talk of the Town

## What's Your "Risk Number"?



James D. Stillman

I hope everyone is having a great summer so far. It's been nice to get out on beautiful Lake Norman and enjoy some down time. I try to keep my distance from the crazies, find a nice quiet place to drop anchor, and chill while listening to NC beach music. Nothing beats a nice day out on the lake.

Last month we discussed five key planning areas in retirement, with one being the *proper management of investment risk*. We talked about how it is important, in our opinion, to get safer as you get older when it comes to how much you're willing to gamble with. We also discussed the importance of knowing your "Risk Number". Everyone should know how much loss they can actually stomach, then plan accordingly.

This month I want to tell our readers a little more about a really cool risk analysis program called Riskalyze that we use to determine your individual "Risk Number". Riskalyze was developed using theories that have won the Nobel Prize for economics on human behavioral science when it comes to investing and how emotions typically cause investors to make bad investment decisions. Studies have shown that the average investor does not attain the return of the market for a number of reasons. Emotions get in the way, they don't have the appropriate diversification of financial products, and their portfolio is not properly/actively managed. At JDS, we always discuss the "three buckets of money" every retiree needs: 1) Safe & Liquid, 2) Income, and 3) Growth

Riskalyze focuses on the growth bucket and how much risk you should take with those assets. We typically tackle income planning first in our *Chart Your Course to Retirement* process, then we assess the growth portion and utilize Riskalyze to define your "comfort zone" with the invested portion of your overall portfolio.

Here's how it works: you answer a series of questions that revolve around risk vs. return. Your answers to those questions will determine your personal "Risk Number". This will fall between 1-99 with 1 being the most conservative and 99 being the most aggressive. It only takes a few minutes to complete the questionnaire, but the results can make a world of difference when it comes to pinning down your specific tolerance for risk. It takes it to a whole other level than simply saying you're "conservative" or "moderate". Riskalyze will give you an actual numbered score and we feel it is far more accurate.

Riskalyze has also assigned every stock, bond, mutual fund, ETF, etc. a risk score. Our professional institutional wealth management team has set up a series of portfolios with certain target risk scores, which allows us to build a blend that properly aligns your portfolio with your personal risk score. We can also do an analysis of your current portfolio to see if it aligns with your risk score. Wouldn't you like to know your "Risk Number" and if your current portfolio actually matches up?

*Do you want to know your "Risk Number"? Here's how:*

- 1) Go to [www.jdswealthmanagement.com](http://www.jdswealthmanagement.com)
- 2) Click on the tab labeled "Resources"
- 3) Click on the button that says "What's Your Risk Number?"
- 4) Complete the Riskalyze questionnaire

You will complete a simple questionnaire that will give you (and us) your risk score. From there, we can gather more information to analyze your current investments to see if they match up and go from there. It's a really simple first step to figuring out if you're on the right path or if some adjustments should be made.

Be sure to tune in to "The Safe Harbor Retirement Planning Show" every Saturday at 10am and Wednesday at 8am on WSIC AM 1400 & FM 100.7. Also, feel free to check out our website for a ton of information, lists of our free reports, our uploaded radio shows, to request copy of my book "Finding Safe Harbor in Retirement" or a free consultation, or to sign up for any of our upcoming seminars.

*And, as always, remember: The purpose of the money dictates where you put it!*

Until next month,

James D. Stillman

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Thursday August 3rd & Tuesday August 8th

(Check-In at 5:30pm, Doors Close at 6:00pm)



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