

Risk Tolerance and Investing for Income



Risk



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Risk tolerance is one of the most important ingredients in **creating a retirement plan** that's right for you. **Knowing your risk tolerance is important** in deciding how aggressive or conservative you want your portfolio to be. But there are two important things to understand about risk tolerance:

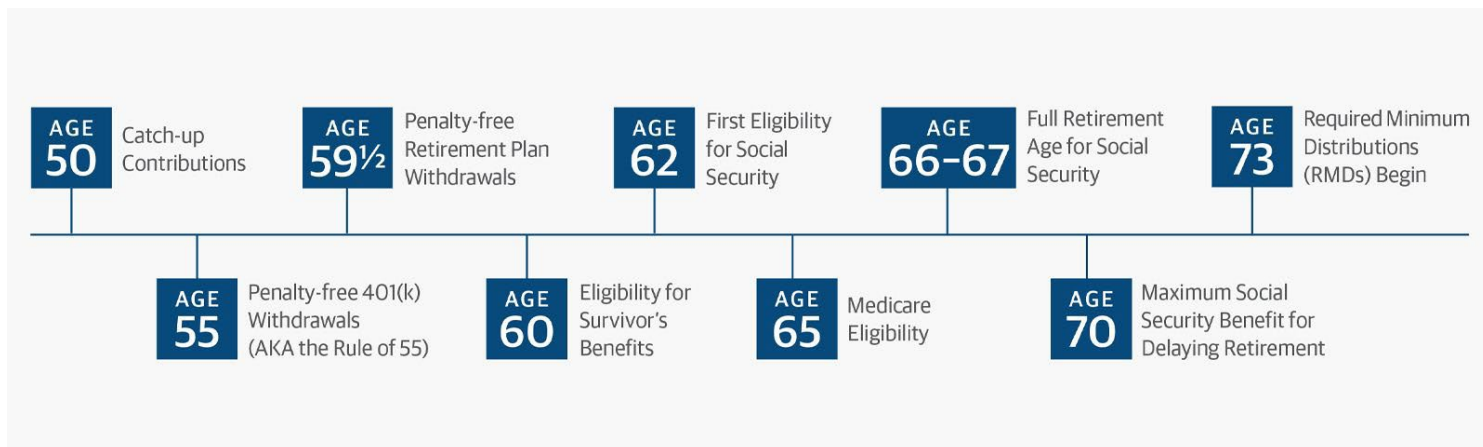
- **It changes.**
- **Your mental wiring is only one factor that determines your risk tolerance.**

Other factors include:

Your Age and Stage of Life

If you're in your 30s or 40s, in the growth-and-accumulation stage, you might be willing to take more risk than you're naturally comfortable with because you know you have time to recover from a potential loss before retirement. If you're in your mid-60s, you might take less risk than you instinctively want to because you know time is no longer on your side.

Your Retirement Timeline



If you're 60 and plan to retire in five years, you may want to start getting more conservative now. If you're 60 and don't plan to retire for another 10 years, you might want to remain slightly more aggressive for a while longer.

Your Savings

If you've got \$4 million saved, you'll probably feel you can afford to take more risk than someone who has less than \$1 million. But having more savings doesn't necessarily mean it's okay to take more risk. In fact, the opposite can be true. You can take a little more risk for a time if the amount of your savings is smaller, and if it's bigger, you could end up taking more risk than you should be.

Personal Matters

Your individual **retirement goals play an important role** in determining your risk tolerance. Do your goals include:

- Making a major purchase?
- Leaving a large legacy?
- Having reliable income to maintain your lifestyle and enjoy favorite activities?

The Markets

Your risk tolerance can shift over time, often in response to market conditions. A rising market may tempt you to take more risk when caution might be wiser, while a downturn might push you to be conservative, even when it could be a good time to invest.

Know All Your Options

Understanding your risk tolerance is key to choosing the right investment strategy – whether aggressive, moderate, or conservative. Many people stay in high-risk investments simply because they don't realize there are smarter ways to grow their portfolio with less risk.

- **Aggressive investments carry the highest risk.**
- **Moderate strategies offer a balance of risk and reward.**

- **Conservative options focus on protection and stability.**
- **A skilled advisor can deliver income and growth through smart reinvestment.**
- **Income investing works for all risk levels.**

Take Action!

Investing without knowing your risk tolerance is like driving blindfolded – regret is almost certain. The wrong allocation can bring more than financial loss; it can cause constant stress. The good news? With the right strategy, that stress can be greatly reduced or even eliminated.

Determining your risk tolerance at different stages of life is more than just knowing how much you do or don't like taking risks. It's about considering retirement timeline, savings, the markets, and, most importantly, your goals. It's also about understanding that risk tolerance changes and that it's important to revisit your strategy regularly. Contact us today because we can help you achieve your retirement goals!



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