

For Immediate Release

Investors are unknowingly taking more risk and being eaten by the Bear Market

Calgary, Alberta - September 4, 2008- Despite lessons learned in the last bear market investors are still subjecting themselves to unnecessary losses because they are taking more risk than they need to by investing in portfolios that consider only their 'risk tolerance' and not their 'risk requirement.'

While risk tolerance refers to how much risk and portfolio volatility someone is willing to accept, 'risk requirement' refers to how much risk someone needs to accept in order to achieve their financial goals.

Most financial companies will attempt to gauge an investor's risk tolerance, but determining risk requirement is rare because it involves the development of a comprehensive financial plan. The financial plan shows an investor what rate of return they require in order to meet their goals, which provides their risk requirement level, which should then be compared against their risk tolerance level to build an investment portfolio that balances both.

Mike Robinson, the principal at Signature Financial Security, with over ten years experience, highlights the impact on investor decisions once both factors are considered. "Often investors will have an aggressive portfolio because they want to maximize their rate of return and they are tolerant of the level of risk they are taking. However, once they are shown that they do not need to take that level of risk in order to achieve their goals, few wish to do so. People inherently don't want to take more risk than they need to."

Many investors are taking big losses in today's market unnecessarily. While they may be tolerant of the market forces, if you gave them the choice they would likely not take the risk if they don't need to. Just because someone is tolerant of risk it doesn't mean they like risk. It's only through measuring 'risk requirement' that this can be determined, and few, if any, investors or financial advisors are doing it.

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Signature Financial Security is an independent, professional wealth management firm that specializes in working with successful affluent and self-employed individuals. Visit www.signaturefs.ca to see The Signature Difference.

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