



July 2017

## VIEWING RISK FROM VARYING ANGLES



ANDREWS LUCIA  
WEALTH MANAGEMENT LLC

Risk is omnipresent in our lives. There are different types of risk in investing, and it exists to varying degrees when making significant financial decisions. Risk is there when we pick up an adventurous hobby, participate in a thrill-seeking activity or push our bodies. It's even there when we decide whether to play it safe or stretch our bounds (*hmm, stick with honey BBQ or try the mango habanero wings?*).

This month's *InFocus* takes a look at risk from several angles, to raise your awareness of where it exists and help you take stock of the role it plays in your life.

### TAKE MORE RISK IN LIFE AND LESS IN INVESTING

*"I just really wish I'd taken more risk with my investment portfolio." -- No one, ever, on their deathbed.*

**Tim Maurer**, director of personal finance for the BAM ALLIANCE, **recently wrote** about how people reacted when asked how they would "do over" their lives if given the chance. "Participants almost universally wished they'd have taken more risks in life -- personally, educationally, relationally, experientially, professionally and vocationally."

Maurer, however, says that this quest for risk-seeking shouldn't extend to the investment decisions you make. The field of behavioral finance and economics explains why.

> **RELATED:** ["Ten Ways to Expand Your Comfort Zone,"](#) from *Forbes*

### UNDERSTANDING RISK INSIDE AND OUTSIDE OF INVESTMENTS

*"Never take more risk than you have the ability, willingness or need to take." -- Larry Swedroe, director of research for the BAM ALLIANCE*

Swedroe is a prolific writer, the author or co-author of 15 books about investing and financial planning. Swedroe commonly weaves the topic of risk into his writing and examines the important role it plays in a well-constructed wealth management plan. He recently wrote two articles that shine a light on various risks -- from mortality risk to longevity risk to human capital risk -- that reside inside and outside of investments:

> **READ:** [An integrated investment plan is key](#)

> **READ:** [Understand the different types of risk](#)

## ARE YOU MANAGING THE RISKS IN YOUR LIFE?

*"Do my existing insurance plans accurately reflect my current needs?"*

That's a question you should be regularly asking yourself, as protecting what you've accumulated and safeguarding your family's financial future is a foundational tenet of a well-developed wealth management plan. When it comes to insurance, some questions are a matter of numbers, but others are more difficult to answer as they cause us to explore how we'd manage a health crisis, re-evaluate our planning strategies or proactively think about the unthinkable. The below insurance-related questions apply to many of us when it comes to protecting ourselves and should be asked by your advisor as you analyze your risk management needs:

- If I were to lose my income, could my family maintain our current lifestyle?
- What would the need for long-term care do to my portfolio?
- How can I make sure my life insurance policies are set up in the most tax-efficient manner?
- Do I have the proper insurance for my home(s), automobiles, collectibles, etc.?

> **RELATED:** [The Most Complex Insurance Explained](#)

**Part 1:** [How to Protect Your Biggest Asset -- Your Income](#)

**Part 2:** [Long-Term Healthcare in Retirement](#)

Follow us on  
social media



ANDREWS LUCIA  
WEALTH MANAGEMENT LLC

Andrews, Lucia Wealth Management, 1825 South Grant Street, Suite 610, San Mateo, CA 94402

[SafeUnsubscribe™ {recipient's email}](#)

[Forward this email](#) | [Update Profile](#) | [About our service provider](#)

Sent by [scott@andrewslucia.com](mailto:scott@andrewslucia.com) in collaboration with

**Constant Contact** 

Try it free today