



What Is Your REAL Investment Risk Tolerance?

By Rev. Morgan Barclay

The stock market has been in a downtrend since November 2007. Have you reacted to the negative talk in the media or have you remained at peace and viewed the situation as just a normal up and down of the market. You may have remained relaxed; or you may have seen your portfolio shrink and you shuttered? When we slip into a moment of fear, it is an excellent opportunity to shift our focus to God as Emmet Fox reminded us in his pamphlet *The Golden Key*. God is the source of our abundance!

Our reaction to stock market fluctuations is related to our tolerance to risk. Each of us is a unique expression of Spirit and we all have different levels of tolerance to swings in the stock market. I encourage you to test your risk tolerance at the following three web sites:

<http://www.allegacyfcu.org/calculatöraigrisktolerance.html>;

http://individual.ml.com/?id=15261_45434

<http://finance.yahoo.com/calculator/career-work/inv-08>

After testing your tolerance to risk then look at your investments. Go to the M & I Bank web site to check on your Association retirement portfolio at https://planweb.retirementexpress.com/planweb_mi/. Log in and then your account balances will show up. Click on the investment tab and then click on investment prices. Choose a time frame. For our discussion today I choose January 2nd through March 27th. This gives us a rough estimate of our investments for the last three months. The four funds that I own varied in their return from a plus 1.83% to a -13.96%. Three out of my four funds went down in value during the first three months of this year. On average the market has dropped about 10% during this first quarter. You might ask me, why would you put up with a fund that performed worse than the average during the first quarter of 2008? The answer is I love this fund for it has great high consistent returns over the last one, three, and five year periods. This fund has returned about 20%. I do not expect this great return to continue, but I expect this fund will continue to outperform its peers.

When the market heads down think long term. Remember that over the long run stock funds have provided an average return of 10% per year. Know that stocks go down much quicker than they go up. You will probably see several more cycles in the stock market in your lifetime. Adding to your retirement account each month is a good way to take advantage of the current low prices. Making consistent contributions to your retirement account is the easiest way to build wealth.

4/8/2008



Next Steps

Find out your risk tolerance by taking a few tests on the internet. Do the test results really match how you reacted to changes in your portfolio during the first three months of this year?

If your test score says you can live with moderate to average risk then this recent downturn in the market should not be a major upset. If your test score and your actual feelings do not match it is a great time to look at reducing or increasing your risk in the market. In the next column we will look at some lower risk options available in your retirement portfolio options.

Our spiritual lives ebb and flow. There are great highs, some lows and sometimes we sit on a plateau. However our spiritual lives are moving in an every ending upward spiral just as the stock market has done for decades. Do we react in fear when there is an appearance of disharmony in our affairs? Often we are able to turn within, become centered, and release the outer situation. Should we not apply the same skills to our retirement portfolio?

Live long and prosper! Send questions to revmorgan@tds.net.

Blessings,

Rev. Morgan J. Barclay