Try to take the RIGHT RISKS during trying times

Risky behaviour is not often seen as something positive or good. But when it comes to money, risk can be necessary, even if it feels terrifying.

In investment terms, risk is uncertainty about how an investment will perform in the future.

There is more than one type of risk:

- The possibility of losing money in an investment is one reason that you may be more comfortable with a low-risk investment. The possibility of a fall in the value of your investment is known as ***capital risk.***

For younger members, the risk of choosing an investment portfolio that does not keep up with inflation is far worse than short-term capital losses from time to time.

- However, there is another, more subtle kind of investment risk that you may not be aware of: the chance that your investment returns may not keep up with inflation, which could erode the purchasing power of your benefits. This is known as ***inflation risk.***

For members closer to retirement, the risk of not keeping pace with inflation for a year or two before retiring is less than big capital losses in the year before retirement.

- A third type of risk is ***income risk:*** this is the risk that the income obtainable from your capital may reduce as a result of a fall in interest rates. A retired person living off an interest-bearing investment would feel the reduction in monthly interest income if interest rates dropped, even though the value has not reduced. Retirees also face the slightly odd risk of living too long and running out of pension income.

There is no one-size-fits-all solution to choosing a portfolio. When making your investment decisions, it is important to consider your personal comfort level with risk, as well as the level of returns that you need in order to achieve your financial goals in the time available to you.

Luckily, if all of this is just too much and you get a headache just thinking about it, your Fund offers a default **LIFE STAGE MODEL.** If you are invested in the life stage model, the Fund will handle your investments for you, moving your savings into lower-risk portfolios as you approach retirement. In other words, when you reach a certain age, the Fund will start moving your money into safer portfolios by degrees, thus protecting you from market fluctuations.

"We don't have to be smarter than the rest.
We have to be more disciplined than the rest."
Warren Buffett