

Small Steps to Health and Wealth

Strategy 17 - Take Calculated Risks and Conquer Your Fears (Wealth)

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"There is only one thing that makes a dream impossible to achieve: the fear of failure."

Paulo Coelho

American psychiatrist, businessman, media personality and author of over a dozen books, David Viscott, advises the following: "Keep reminding yourself that all successful people have taken a risk at some time and succeeded. Taking a jump into the unknown is the starting point of personal greatness. Go for it!"

According to the Merriam-Webster dictionary, risk is defined as "exposure to possible loss or injury." To that end, people often decide that certain activities in life are "worth the risk." Some risks, such as taking your last \$1,000 to a casino and relying on luck to gain a profitable return, are clearly unwise.

You increase the odds of success by researching a risk-taking behavior (e.g., investing), developing and implementing an action plan, and remaining focused on the outcome. Success comes from taking calculated risks and either achieving your goals or learning from setbacks. Risk-taking indicates that you have confidence in your ability to succeed but also accept the possibility of failure because mistakes are a fact of life.

In *Secrets of Six-Figure Women* by Barbara Stanny, the women profiled attributed their success to "letting go of the ledge" (i.e., risk-taking). Among their individual "ledges" were unfulfilling jobs, irrational beliefs, and unhealthy habits. Stanny concluded, "Every successful woman that I interviewed, when she finally let go (hard as it was), cited that single act as the springboard to higher earnings and happier times." She also wrote, "The concept of letting go is far easier to talk about than to execute." and, "Rather than hazard the instability of change, we lean on ledges as if they were crutches, finding all kinds of reasons why we need to stay right where we are."

Some people use the defense mechanism of fear to protect themselves from harm or loss. It isn't pleasant to experience difficult or uncertain situations and many people will avoid them if at all possible. In the financial realm, most people are willing to take more risk to avoid a sure loss than to lock in a sure gain. Below are a few examples of financial risk-taking fears:

- ◇ Fear of choosing the wrong investments. Some people who don't know what to invest their money in simply do nothing (i.e., deciding not to decide).
- ◇ Fear of "not knowing enough" to make wise investing decisions.
- ◇ Fear of discussing feelings about money issues and household finances with family members.

When people better understand a particular risk or have some previous experience dealing with it (e.g., investing), their fear of risk-taking often decreases. For example, if you take an investment class and learn that stock returns have been superior to other asset classes historically, but also very volatile in short time frames, you may be less inclined to panic and sell during a stock market downturn. Generally speaking, there is a positive relationship between investment risk and average rates of return (e.g., stocks earn a higher average return than bonds because stocks have a higher risk). Passion provides the energy and courage required to make a change. Take the time to analyze the risk of pursuing your goals, your fears about taking risks, and ways to overcome those fears.

