

# Personal Risk Management Plan

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## Purpose of This Plan

This personal risk management plan outlines your approach to identifying, assessing, and managing different types of financial risks in your saving and investment strategy. It serves as a roadmap for making financial decisions aligned with your risk tolerance and financial goals.

## Section 1: Current Risk Profile

### My Risk Tolerance Assessment

Risk Tolerance Category: \_\_\_\_\_

Risk Tolerance Score: \_\_\_\_\_

### Is this appropriate for my current life stage?

Explain whether your current risk tolerance profile is appropriate for your age, financial situation, and goals. Consider factors like your age, income stability, existing savings, financial goals, and personal comfort with uncertainty.

### My Financial Goals Summary

Goal Type	Description	Target Amount	Timeframe
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Short-term (1-3 years)			
Medium-term (5-10 years)			
Long-term (30+ years)			

## Section 2: Risk Mitigation Strategies

For each type of financial risk, identify specific strategies you will use to manage that risk.

### Market Risk

*Definition: Possibility of experiencing losses due to factors affecting the overall performance of financial markets.*

#### My Market Risk Mitigation Strategies

- ☐ Long-term investment horizon
- ☐ Dollar-cost averaging
- ☐ Diversification across asset classes
- ☐ Diversification across industries
- ☐ Diversification across geographies
- ☐ Regular portfolio rebalancing
- ☐ Maintain appropriate asset allocation
- ☐ Other: \_\_\_\_\_

#### Specific actions I will take to address market risk:

### Financial Risk

*Definition: Risk related to a company's ability to manage debt and fulfill financial obligations.*

### **My Financial Risk Mitigation Strategies**

- ☐ Research company finances before investing
- ☐ Check company credit ratings      ☐ Diversify across companies
- ☐ Invest in mutual funds/ETFs instead of individual companies
- ☐ Limit exposure to any single company
- ☐ Monitor company performance regularly      ☐ Other: \_\_\_\_\_

### **Specific actions I will take to address financial risk:**

## **Inflation Risk**

*Definition: Risk of decreased purchasing power of savings due to rising prices over time.*

### **My Inflation Risk Mitigation Strategies**

- ☐ Include growth investments in portfolio
- ☐ Invest in Treasury Inflation-Protected Securities (TIPS)
- ☐ Invest in real estate or REITs      ☐ Consider commodities or precious metals
- ☐ Invest in companies with pricing power
- ☐ Adjust income expectations for inflation      ☐ Other: \_\_\_\_\_

### **Specific actions I will take to address inflation risk:**

### Fraud Risk

*Definition: Risk of loss due to deceptive practices, scams, or fraudulent investment schemes.*

#### My Fraud Risk Mitigation Strategies

- ☐ Research investments thoroughly
- ☐ Verify investment professionals' credentials
- ☐ Use only regulated financial institutions
- ☐ Be skeptical of "guaranteed" high returns
- ☐ Verify investment offerings with regulatory agencies
- ☐ Never make investment decisions under pressure
- ☐ Other: \_\_\_\_\_

#### Specific actions I will take to address fraud risk:

## Section 3: Life Changes and Risk Management

For each major life transition, describe how your risk tolerance and investment strategy might need to change.

### Graduating from College

#### Typical Financial Considerations During This Transition

- Starting career and establishing income
- Managing student loan repayment
- Building emergency fund
- Beginning retirement savings
- Potentially saving for major purchases (car, home)

#### How My Risk Tolerance Might Change

#### Adjustments to My Investment Strategy

### Starting a Family

#### Typical Financial Considerations During This Transition

- Increased expenses for dependents
- Need for life and health insurance

- College savings for children
- Potentially larger housing needs
- Balancing multiple financial goals

### How My Risk Tolerance Might Change

### Adjustments to My Investment Strategy

## Approaching Retirement

### Typical Financial Considerations During This Transition

- Preserving accumulated wealth
- Creating income streams from investments
- Healthcare considerations
- Estate planning
- Reducing debt

### How My Risk Tolerance Might Change

### Adjustments to My Investment Strategy

## Section 4: Emergency Preparedness

### Emergency Fund Planning

My Monthly Essential Expenses	\$
Recommended Emergency Fund Size (3-6 months of expenses)	\$
My Current Emergency Fund	\$
Emergency Fund Gap	\$
Monthly Contribution to Emergency Fund	\$
Timeline to Reach Target	

### Where I Will Keep My Emergency Fund

- ☐ High-yield savings account
- ☐ Money market account
- ☐ Short-term CDs
- ☐ Other: \_\_\_\_\_

### How My Emergency Fund Fits into My Overall Risk Management Strategy

## Section 5: Risk Management Plan Review Schedule

### Regular Review Schedule

I will review my risk management plan according to the following schedule:

- ☐ Monthly    ☐ Quarterly    ☐ Semi-annually    ☐ Annually
- ☐ Other: \_\_\_\_\_

### Trigger Events for Special Reviews

In addition to my regular review schedule, I will conduct a special review of my risk management plan when these events occur:

- ☐ Major market movements ( $\pm 10\%$  or more)    ☐ Change in income
- ☐ Change in employment status    ☐ Major life events (marriage, children, etc.)
- ☐ Significant economic events    ☐ Changes in tax laws or regulations
- ☐ Other: \_\_\_\_\_

### Review Process

During each review, I will assess:

Assessment Area	Questions to Consider
Risk Tolerance	Has my comfort level with risk changed? Are there new factors affecting my risk tolerance?
Financial Goals	Are my goals still relevant? Have timeframes or target amounts changed?
Asset Allocation	Is my current allocation aligned with my risk tolerance and goals? Does it need rebalancing?



Performance	How have my investments performed relative to appropriate benchmarks?
Risk Mitigation Strategies	Are my current strategies effective? Are there new risks I need to address?
Emergency Fund	Is my emergency fund adequate for my current situation?

## Commitment Statement

I commit to following this risk management plan and reviewing it regularly to ensure my financial decisions align with my goals and risk tolerance. I understand that managing risk is an ongoing process that requires attention and adjustment as my life circumstances and market conditions change.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_