No Guts, No Glory

An Olympic pole vaulter uses strength and momentum to soar over the highest crossbar. Retirement plan investors use risk the same way to achieve high potential returns. They know they can't have the second without the first.

Of course, most of us aren't cut out to be gold medalists. And you probably don't want the high anxiety that comes with aiming for the highest possible investment return. But you have to be prepared to take some risk when you invest in your retirement plan if you want your money to grow enough to vault over inflation's bar.

In fact, the biggest risk for a long-term investor may be to take no risk at all. That's because an investment unlikely to lose value is also unlikely to gain value, and will eventually get tripped up by inflation.

So, how do you aim for inflation-beating growth in your retirement plan without taking on more risk than you can live with? By investing in a variety of assets like different kinds of stock funds, bond funds, balanced funds, cash accounts and guaranteed investment contracts (GICs)--stable value funds that are subject to different kinds of risk and so may behave differently under the same economic and market conditions.

This way, there's a better chance that at least one or two of your retirement plan investments will be doing well, even if the others aren't. And the consistent returns of some can offset the losses of another.

Balancing different kinds of risk may still sound kind of risky to you. But remember: you can't avoid risk completely in your retirement plan and still achieve your goal of a secure retirement.

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