



risks associated with decision making

Risks are associated with every decision. The following are common risks related to personal and financial decision making:

personal risks

factors that may create a less than desirable situation. Personal risk may be in the form of inconvenience, embarrassment, safety, or health concerns.

inflation risk

rising prices cause lower buying power. Buying an item later may mean a higher price.

interest-rate risk

changing interest rates affect your costs (when borrowing) and your benefits (when saving or investing).

income risk

changing jobs or reduced spending by consumers can result in a lower income or loss of one's employment. Career changes or job loss can result in a lower income and reduced buying power.

liquidity risk

certain types of savings (certificates of deposit) and investments (real estate) may be difficult to convert to cash quickly.