



## MAKE

What entrepreneurs need to know about social media. Plus: Could AT&T survive without the iPhone?

## GROW

10 new strategies for high net worth investors; crucial questions for your financial advisor.

## LIVE

10 exotic adventures for philanthropic travelers; how to fight back against a blackmailer.

# Worth<sup>®</sup>

THE EVOLUTION OF FINANCIAL INTELLIGENCE



ARE WE OUT OF THE WOODS YET?

WORTH.COM

# 06

VOLUME 19 | EDITION 03



# “As an investor, how can I determine my risk tolerance comfort zone?”

By Theodore E. Saade

**Just as no two people are alike, no two investors are alike.** All investors have different tolerances to risk. In addition, because everyone is human, factors from market conditions to personal need or greed can cause that tolerance to shift, sometimes dramatically.

That said, your advisor's job is to help you measure and monitor your risk tolerance. And when the advisor sees you veering out of your agreed upon comfort zone because of an emotional reaction to bad or good performance, you should receive some candid counsel and strong advice.

**In my experience, the best way to determine your risk tolerance comfort zone is to take an overall type of approach that determines just how aggressive you need to be to meet your immediate and future income needs.**

As someone once said, anybody can plan for prosperity. My approach is to begin with the downside. Any portfolio invested in equities has a certain amount of downside, so to determine how much stomach you have for the inevitable, we put different scenarios in front of you and see how you react.


To create a visual and realistic scenario, we look back 36 to 60 months and plug in your portfolio to show what would have happened in those actual market conditions.

Clients will often say, “I didn't realize what would happen with the mix I have. Now I do.”

**To test your risk tolerance, we also make sure to translate percentages into actual dollars.** If the downside is 10 percent, you might swallow hard but be OK. If that 10 percent is half a million dollars, you may remember how hard you worked to earn that first \$500,000 and decide you cannot tolerate that level of loss.

In addition to testing your reaction to the downside, we will go through a process that gives us what you might call your “risk tolerance profile.”

First, we take a step back and talk about your personal overall financial and family scenario—real estate, retirement accounts, etc. We then determine which of your assets would be considered investable—that is, which assets we all agree get put into play—and where to invest. **We complete the process by determining what you want your net worth to look like—and when.** Then we arrive at a specific level of volatility that you find acceptable and that should achieve your goals.

We also explore the origin of your assets. This can be a real barometer of your risk tolerance (see sidebar). But whether we have to rein in your proclivity to take risks or encourage you to take on more, it is our job as your advisor to keep you in your comfort zone. 

## ALL RISK IS NOT CREATED EQUAL

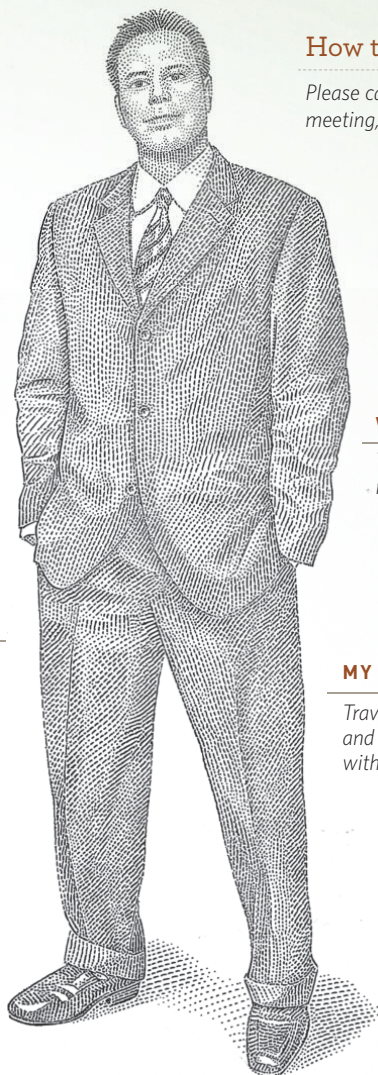
If you are a person who earned every penny from scratch as a bold and successful entrepreneur or as a hard-charging corporate executive, you know more than a little bit about risk. But risk in a family business or on the boardroom battlefield differs greatly from risk in investing.

As you well know, money is emotional. And while you may have literally gambled everything more than once to get where you are today, when it comes to investing, you and your advisor carefully choose just a portion of your estate to put in the risk column. The key is picking assets that lend themselves to liquidity and that pose no threat to your estate when there is a downside.

Also, goals change as you reach different life stages. An effective financial advisor understands this and will work with you to determine your goals and aspirations for your current life stage and all those yet to come.

**“To test your risk tolerance, we also make sure to translate percentages into actual dollars.”**

– Theodore E. Saade



### How to reach Theodore E. Saade

Please call my office at 310.712.2323 to schedule a meeting, either over the telephone or face to face.

### WHAT'S ON MY DESK...

Two computer monitors, phone, research, and a TV

### MY HOBBIES ARE...

Traveling, skiing, exercising, and spending time with my family

### I NEVER LEAVE HOME WITHOUT...

Wallet, keys, BlackBerry, and a bottle of water

## About Theodore E. Saade

Theodore E. Saade has been in the financial services industry since 1995. He joined Signature Estate & Investment Advisors LLC in 1997 as the firm was opening its doors. In less than 10 years, SEIA reached the milestone of \$1 billion assets under management. He is a Certified Financial Planner and a Chartered Mutual Fund Counselor. He received a bachelor of arts degree in economics with a specialization in biochemistry from the University of California, Los Angeles. Mr. Saade specializes in investment management and overall wealth management strategies for affluent individuals, foundations and corporations.

Assets Under Management  
\$145 million (Saade), \$1.6 billion (firm,  
as of end of 1st quarter)

Minimum Fee for Initial Meeting  
None required

Minimum Net Worth Requirement  
\$500,000 (minimum assets for  
investment services)

Largest Client Net Worth  
\$50 million

Financial Services Experience  
15 years

Compensation Method  
Asset-based and fixed fees

Primary Custodian for Investor Assets  
Charles Schwab & Co.

Professional Services Provided  
Planning (estate, retirement, corporate, income tax and insurance),  
investment advisory and money management services

Website  
www.seia.com

Email  
tsaade@seia.com



Theodore E. Saadé, CFP®, AIF®, CMFC  
*Partner*

---

**Signature Estate & Investment Advisors LLC**  
2121 Avenue of the Stars, Suite 1600  
Los Angeles, CA 90067  
Tel. 310.712.2323

tsaade@seia.com  
www.seia.com

REPRINTED FROM  
**Worth**<sup>®</sup>  
THE EVOLUTION OF FINANCIAL INTELLIGENCE

Signature Estate & Investment Advisors is featured in *Worth*® 2010 Leading Wealth Advisors™, a special section in every edition of *Worth*® magazine. All persons and firms appearing in this section have completed questionnaires, have been vetted by an advisory group following submission by *Worth*®, and thereafter paid the standard fees to *Worth*® to be featured in this section. The information contained herein is for informational purposes, and although the list of advisors presented in this section is drawn from sources believed to be reliable and independently reviewed, the accuracy or completeness of this information is not guaranteed. No person or firm listed in this section should be construed as an endorsement by *Worth*®, and *Worth*® will not be responsible for the performance, acts or omissions of any such advisor. It should not be assumed that the past performance of any advisors featured in this special section will equal or be an indicator of future performance. *Worth*®, a Sandow Media publication, is a financial publisher and does not recommend or endorse investment, legal or tax advisors, investment strategies or particular investments. Those seeking specific investment advice should consider a qualified and licensed investment professional. *Worth*® is a registered trademark of Sandow Media LLC. See "About Us" for additional program details at <http://www.worth.com/index.php/about-worth>.