



# What's Your Risk Tolerance?

Determining your risk profile helps you figure out the right investment asset allocation for your portfolio and the acceptable amount of risk you're prepared to accept. How much risk you're willing to take, or not, affects the asset allocation decisions of your investment portfolio.

Take this foundational, seven-question survey to help you evaluate your needs and see where you fit on the risk spectrum from risk-averse to risk-seeker. This risk profile measures important factors: your time horizon and your risk tolerance. Circle the number of points for each of your answers and note the total for each section.

## TIME HORIZON

### 1. I plan to begin withdrawing money from my investments in:

- |                     |    |
|---------------------|----|
| • Less than 3 years | 1  |
| • 3–5 years         | 3  |
| • 6–10 years        | 7  |
| • 11 years or more  | 10 |

### 2. Once I begin withdrawing funds from my investments, I plan to spend all of the funds in:

- |                     |   |
|---------------------|---|
| • Less than 2 years | 0 |
| • 2–5 years         | 1 |
| • 6–10 years        | 4 |
| • 11 years or more  | 8 |

**Total points** from above for your time horizon score: \_\_\_\_\_

If your score is less than three, stop here. A time horizon score under three indicates a very short investment time horizon, suggesting a relatively low-risk portfolio of 40% short-term (average maturity of five years or less) bonds or bond funds and 60% cash investments versus stock investments that may be significantly more volatile in the short term.

## RISK TOLERANCE

### 3. I would describe my knowledge of investments as:

- |             |    |
|-------------|----|
| • None      | 1  |
| • Limited   | 3  |
| • Good      | 7  |
| • Extensive | 10 |

### 4. When I invest my money, I am:

- |  |   |
|--|---|
| • Most concerned about my investment losing value            | 0 |
| • Equally concerned my investment is losing or gaining value | 4 |
| • Most concerned about my investment gaining value           | 8 |

### 5. Select the investments you currently own:

- |   |   |
|---|---|
| • Bonds and/or bond funds                             | 3 |
| • Stocks and/or stock funds                           | 6 |
| • International securities and/or international funds | 8 |

### 6. Consider this scenario:

Imagine that in the past three months, the overall stock market lost 25% of its value. An individual stock investment you own also lost 25% of its value. What would you do?

- |                          |   |
|--------------------------|---|
| • Sell all of my shares  | 0 |
| • Sell some of my shares | 2 |
| • Do nothing             | 5 |
| • Buy more shares        | 8 |

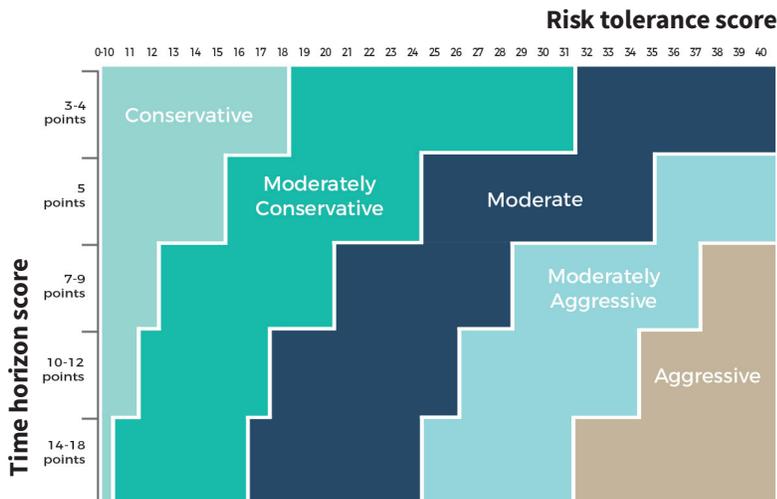


## RISK TOLERANCE (Continued)

### 7. Review the chart below.

We've outlined the most likely best-case and worst-case annual returns of five hypothetical investment plans. Which range of possible outcomes is most acceptable to you? The figures are hypothetical and don't represent the performance of any particular investment.

Plan	Avg. Annual Rtrn.	Best-case	Worst-case	Points
A	7.2%	16.3%	-5.6%	0
B	9.0%	24.0%	-12.1%	3
C	10.4%	33.6%	-18.2%	6
D	11.7%	42.8%	-24.0%	8
E	2.5%	50.0%	-28.2%	10



Enter the total points from questions 3 through 7. This is your Risk Tolerance score: \_\_\_\_\_

## DETERMINE YOUR INVESTOR PROFILE

Use the chart from No. 7 and the subtotals from the preceding two sections to determine your investor profile.

Find your time horizon score along the left side and your risk tolerance score across the top. Locate their intersection point, situated in the area that corresponds to your investor profile.

From there, you can get an idea of which investment strategy corresponds with your investor profile. If one of the investment strategies matches your investor profile, you can use this information as a basis to create an asset allocation plan.

### In closing

Building your portfolio is dependent both upon your ability to take on risk and your willingness to do so.

Go through this exercise before you meet with your financial advisor to select your investment strategy to help ensure you're on the same page.

Periodically review your risk profile and investment strategy to make sure they stay consistent with your goals.

- Kevin Simpson