

RISK TOLERANCE QUESTIONNAIRE



Client Name(s): _____ Date: _____

The answers provided on this sheet will help indicate which investment strategy may be appropriate for your current needs. Select the answers that most closely align with your feelings in relation to the account referenced above, then calculate the total. Match the total to the strategy listed at the end of the score sheet.

- | | |
|---|---------------|
| 1. Which one of the following describes your expected future earnings over the next five years?
(Assume inflation will average 4 percent.) | <u>Points</u> |
| <input type="radio"/> I expect my earnings to far outpace inflation (e.g., due to promotions). | 8 |
| <input type="radio"/> I expect my earnings to stay somewhat ahead of inflation. | 6 |
| <input type="radio"/> I expect my earnings keep pace with inflation. | 3 |
| <input type="radio"/> I expect my future earnings to decrease (i.e., due to retirement) | 0 |
| 2. Approximately what portion of your monthly take-home income(s) goes toward paying off debt other than your home mortgage? | <u>Points</u> |
| <input type="radio"/> Less than 10% | 6 |
| <input type="radio"/> Between 10% and 25% | 4 |
| <input type="radio"/> Between 26% and 50% | 2 |
| <input type="radio"/> More than 50% | 0 |
| 3. How many dependents do you have? (e.g., children you continue to support, elderly parents) | <u>Points</u> |
| <input type="radio"/> None | 6 |
| <input type="radio"/> 1 | 4 |
| <input type="radio"/> 2–3 | 2 |
| <input type="radio"/> More than 3 | 0 |
| 4. Compared to others, how do you rate your willingness to take financial risks? | <u>Points</u> |
| <input type="radio"/> Extremely low risk taker | 0 |
| <input type="radio"/> Very low risk taker | 2 |
| <input type="radio"/> Low risk taker | 4 |
| <input type="radio"/> Average risk taker | 6 |
| <input type="radio"/> High risk taker | 8 |
| <input type="radio"/> Very high risk taker | 10 |
| 5. How easily do you adapt when things go wrong financially? | <u>Points</u> |
| <input type="radio"/> Very uneasily | 0 |
| <input type="radio"/> Somewhat uneasily | 3 |
| <input type="radio"/> Somewhat easily | 6 |
| <input type="radio"/> Very easily | 8 |

6. When you think of the word "risk" in a financial context, which of the following words comes to mind first? Points
- Danger 0
 - Uncertainty 1
 - Opportunity 4
 - Thrill 14
7. When faced with a major financial decision, are you more concerned about the possible losses or the possible gains? Points
- Always the possible losses 0
 - Usually the possible losses 1
 - Usually the possible gains 4
 - Always the possible gains 14
8. Suppose that 5 years ago you bought stock in a highly regarded company. That same year the company experienced a severe decline in sales due to poor management. The price of the stock dropped drastically, and you sold at a substantial loss.
- The company has been restructured under new management, and most experts now expect it to produce better than average returns. Given your bad experience with this company, would you buy stock now? Points
- Definitely not 0
 - Probably not 1
 - Not sure 4
 - Probably 7
 - Definitely 14
9. If you could increase your chances of improving your returns by taking more risk, you would: Points
- Be willing to take a lot more risk with all your money. 14
 - Be willing to take a little more risk with all your money. 8
 - Be willing to take a little more risk with some of your money. 2
 - Be unlikely to take much more risk. 0
10. Most investments fluctuate over the short term. If a \$10,000 investment you made for 10 years lost value in the first year, at what point would you sell and transfer the funds to a more stable investment rather than wait for a turnaround? Points
- \$9,500 0
 - \$9,000 2
 - \$8,500 4
 - \$8,000 6
 - Below \$8,000 8
 - Would not sell 14

Score and Strategy

Add your points from all questions and locate the corresponding strategy below.

91-100 Growth: 100% Equity / 0% Fixed Income – Equity Model

81-90 Growth: 90% Equity / 10% Fixed Income – 1st Quarter Model

61-80 Primarily Growth*: 80% Equity / 20% Fixed Income – 2nd Quarter Model

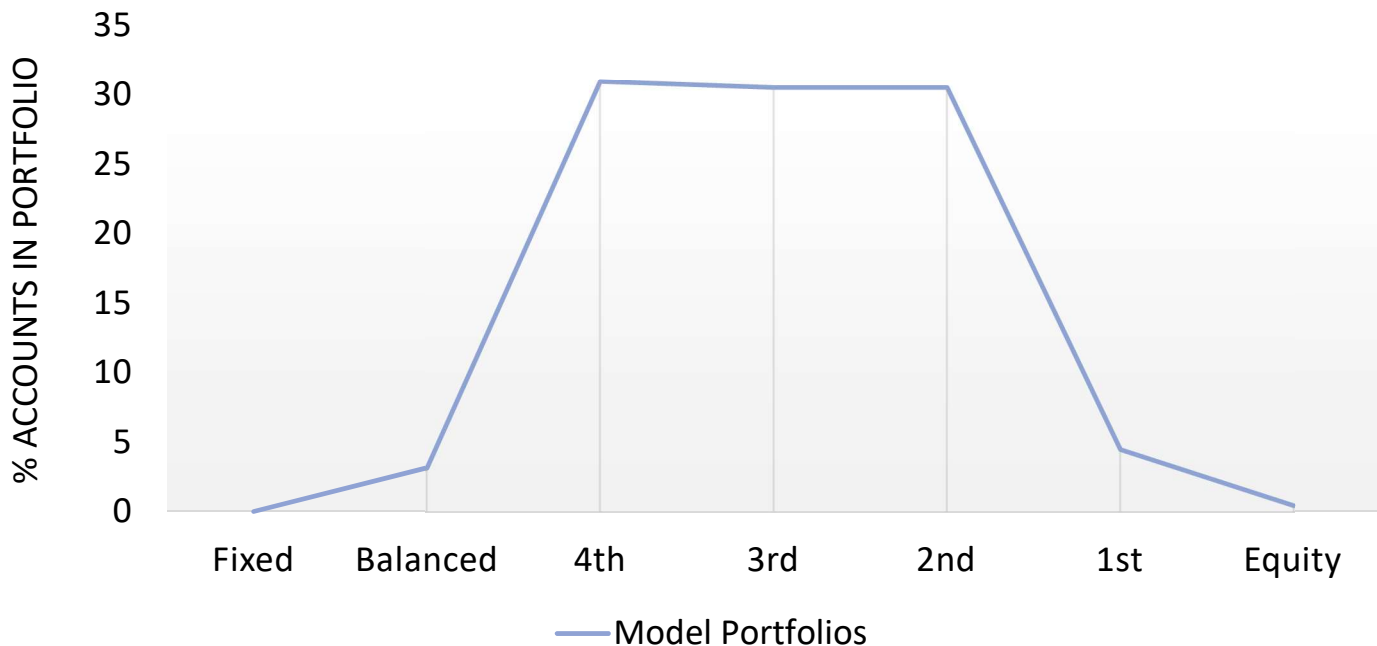
41–60 Primarily Growth*: 70% Equity / 30% Fixed Income – 3rd Quarter Model

21-40 Growth & Income: 60% Equity / 40% Fixed Income – 4th Quarter Model

11-20 Growth & Income: 50% Equity / 50% Fixed Income – Balanced Model

0-10 Income w/ Limited Growth: 0% Equity / 100% Fixed Income – Income Model

Portfolios by Volume



Given your specific circumstances, if you believe that any of these strategies will be more suitable than the diversified strategy specified by the worksheet, your advisor will discuss the alternatives and make an appropriate recommendation.

* If your score points you to the Primarily Growth strategy, consider investing in the Growth strategy if the amount that you are investing for this goal represents the only aggressive portion of your total portfolio and if you already own more conservative investments—such as fixed income and short-term securities—that can provide a balance to the short-term fluctuations of stocks.