

**Risk Tolerance Questionnaire**

For each question, please circle your best answer and report your score on the right.

**1. Generally, the longer an investor's time horizon, the higher the risk tolerance and vice-versa. With this in mind, what is your age category?**

1. Age 80 and over

2. Age 70 to 79

3. Age 60 to 69

4. Age 40 to 59

Score::

5. Under age 40

**2. Investment programs are best build upon a foundation of cash reserves, or funds that are not exposed to market risk. How much do you have?**

1. No cash reserves at all

2. One to two months

3. Three to six months

4. Seven to 12 months

Score::

5. Over 12 months

**3. In a cyclical market decline, lasting 15-18 months on-average, major stock indices drop 20% or more. How much are you willing to lose?**

1. None

2. Less than 1/4 of the bear market loss, because preserving my investment principal is important

3. From 1/4 to 1/2 of the loss in a cyclical bear market drop of 20% or more is acceptable

4. Over 1/2 of the bear market loss, but still less than market's bear market decline

Score::

5. Unimportant, as maximum capital gains is top priority

**4. Inflation risk can result in the loss of purchasing power. Rank the importance of beating inflation for you?**

1. Not important, preservation of capital is top priority

2. Somewhat important, preservation and income still outrank

3. Moderately important to have purchasing power greater than inflation

Score::

4. Important, and understand that accepting increased market risk is required

5. Vital, willing to accept higher risk to increase inflation-adjusted value of my investment portfolio

**5. Rank your understanding and comfort-level with investing in the stock market**

1. No experience and no comfort level in investing in stocks

2. No experience, but some level of comfort in stocks

3. Some experience, and interest in stock market investing

4. Reasonable experience and comfort level with the stock market

Score::

5. Extensive background and understanding of the stock market

**6. How predictable (or stable) and sufficient is your source of income?**

1. Unpredictable, making it difficult to budget or invest

2. Somewhat predictable, but can fluctuate from month-to-month

3. Reasonably predictable, with some excess to invest from time-to-time

4. Predictable and sufficient to allow for periodic investment

Score::

5. Very predictable with large excess to invest on regular basis

**7. How adequate, if applicable, is your health, life & property insurance coverage?**

1. Need life insurance, but currently do not have any coverage

2. Have life & property coverage, but need to substantially increase policy amounts

3. Life and property coverage is adequate, but need to add/increase health coverage

4. Have adequate coverage in all areas - health, property and life insurance

Score::

5. In addition to adequate coverage, also have umbrella coverage for property insurance

**8. What is your time horizon when you will need to make withdrawals from your stock market portfolio?**

1. None, I/we currently need to make periodic withdrawals

2. Less than 3-years

3. From 3-5 years (typically 1-full market cycle)

Score::

4. Between 6-15 years (equals, on balance, 2-5 full market cycles)

5. Over 15 years

**9. In a cyclical bull market, lasting on-average 36 months or more, stock prices have risen 20% or more. How much do you want to gain?**

1. Not applicable, as unwilling to accept potential for loss

2. Would accept from 1/4 to 1/2 of bull market gain, while maintaining major focus on risk-reduction

3. Willing to accept higher amount of risk to earn from 1/2 to 3/4 of cyclical gain

4. From 75% to 100% of the bull market advance, accepting higher volatility and risk along the way

5. Would seek excess gains beyond the stock market, understanding the accompanying higher risk

Score::

**10. Diversification is generally considered an important foundation block of a risk-managed portfolio. Rank your current level of diversification.**

1. None, just starting investment program

2. Some diversification in stock market, but need to add other classes, such as bonds, real estate, etc.

3. Reasonable stock market diversification, but need increase investment in other asset categories

4. Adequate diversification with stock market portfolio and with other investment classes

5. Extensive diversification across a wide range of asset categories, including stocks & stock mutual funds

Score::

**Risk Tolerance: Add up your score for each answer: =**

**INTERPRETING YOUR RISK TOLERANCE SCORE**

Your risk tolerance score provides a very general guideline for investment allocations in the stock market. The score is not intended to be an absolute determinate for exact stock exposure, but rather as a tool to help investor manage expectations and risk which are inherit with stock market investment. The table below provides additional insight based upon score ranges.

**0 and 30:** **Very low tolerance** for risk. You are a very conservative investor, likely to have difficulty with market downturns, even ones that are relatively short in duration. You would be in line with your low tolerance by keeping the majority of your investments in secure places, like fixed annuities, CDs and money market funds. A small portion going into stocks could be positioned with a conservative approach, such as with a mutual fund with a proven track record in down market management.

**30 and 60:** **Low to moderate** risk tolerance. A score of 50 could suggest that you invest around 50% of your portfolio in stocks or stock mutual funds. In this range, using dividend paying stocks may be appropriate. Generally, these types of stocks have a lower volatility than non-dividend paying stocks, with the remainder in bonds, fixed annuities and money markets.

**60 and 90:** **Moderate to moderately-high** tolerance to risk. Here, one could build upon a balance-type mutual fund or portfolio by adding more aggressive stocks or stock funds across a wider range of categories. In this zone, an investor's time horizon is at least one-to-two full market cycles, with each cycle averaging a 3-to-5 years, which allows for accepting a higher level of risk.

**Over 90:** **High risk to maximum risk** tolerance. This range also suggests that you have a long-term time frame over several market-cycles which allows for higher levels of loss during market declines, while seeking average to above-average gains in cyclical bull markets. In this range, an investor could consider an extensive range of asset categories and stock market related investments.

Signature: Date: