

RISK TOLERANCE EVALUATION

Client Name(s) _____ Date _____

For each question, select the bubble next to your choice.

1. Which of the following best describes your investment objective?
 - a. Preserving principal and getting a modest interest rate 1
 - b. Getting a high interest rate and some principal fluctuation 2
 - c. Growing assets and getting some income 3
 - d. Growing assets substantially 4

2. In the immediate or near term (less than 5 years), is there a need for substantial withdrawals to be taken from this portfolio?
 - a. Yes, definitely 1
 - b. Possibly 2
 - c. Doubtful 3
 - d. No, definitely 4

3. Will significant contributions be made over the next five years?
 - a. Yes, definitely 4
 - b. Possibly 3
 - c. Doubtful 2
 - d. No, definitely 1

4. Ten years from now, what do you expect your portfolio value to be?
 - a. Slightly greater than it is today 1
 - b. Moderately greater than today 2
 - c. Significantly greater than today 3

5. What is your investment time horizon?
(This is the number of years you expect the portfolio to be invested before you must dip into principal, not including monthly withdrawals.)
 - a. 1-4 years 1
 - b. 5 years 2
 - c. 10 years 3
 - d. More than 10 years 4

If you have indicated **less than 10 years**, please state when funds will be needed: _____

	POINTS
6. My goal for this portfolio is an annual return of: (This is based on an expected inflation rate of _____ %)	
a. 4%	1
b. 8%	2
c. 11%	3
d. 15%	4
7. What do you want to do with the income generated by the portfolio?	
a. Receive all income	1
b. Receive some and reinvest some	2
c. Reinvest all income	3
8. A month after you purchase a stock, its share price rises by 50%. What would you do?	
a. Buy more; it may go higher	3
b. Hold it and hope that it will continue to go up	2
c. Sell it immediately	1
9. A mutual fund loses 14% of its value within a few months after you buy it. The fundamentals of the investment and your financial goals have not changed, so you:	
a. Hold on to the investment	2
b. Sell it; you've worried enough	1
c. Buy some more shares	3
10. You just received a substantial sum of money. How would you invest it?	
a. In something that was very safe and generated some income	1
b. In something that generated high interest and a little risk	2
c. In something that offered high total return with a moderate level of risk	3
d. In something that offered substantial capital appreciation, even though it had a higher amount of risk	4
11. If the value of your portfolio declined by 15%, what would be your reaction?	
a. I would be very concerned because I cannot accept fluctuations in the value of my portfolio	1
b. If the amount of income I receive were unaffected, it would not bother me a great deal	2
c. I invest for the long term and accept temporary changes due to market fluctuation (even though I don't like it)	3

POINTS

12. *Except for the Great Depression, the longest time that investors have had to wait after a market “crash” or significant decline for their portfolios to return to their earlier values has been 4 years for stock and 2 years for bond investments. Knowing this and that it is impossible to protect yourself from an occasional loss, please complete the following statement:*

If my portfolio produces a long-term return that allows me to accomplish my goals, I am prepared to live with a time of recovery from a loss of:

- a. Less than 1 year 1
- b. Between 1 and 2 years 2
- c. Between 2 and 3 years 3
- d. More than 3 years 4

If you selected the first or second option above, are you prepared to substantially reduce your goals? YES NO

13. Please choose the statement that reflects your preference:

- a. I would rather be out of the stock market when it goes down, than be in the market when it goes up (i.e., I cannot live with the volatility of the stock market). 1
- b. I would rather be in the stock market when it goes down, than out of the market when it goes up (i.e., I may not like the idea, but I can live with the volatility of the stock market in order to earn market returns.) 3

TOTAL POINTS = _____

Client Signature _____ Date _____

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