



Risk Assessment Questionnaire

RISK ASSESSMENT QUESTIONNAIRE

Name:

Home Address:

City/State/Zip:

Phone Number:

Email Address:

Date Completed: _____

How willing are you to accept risks with your retirement savings?

A deep understanding of what you are investing for, how long you have to meet your goals, and your comfort level with risk are all part of determining the right mix of investments for you. The following **Risk Assessment Questionnaire** can help us understand what type of investor you may be.

After we assess your tolerance for risk, we'll partner together to align it with a customized investment strategy, making adjustments over time as needed. Our goal is to help you avoid what may be the biggest risk of all: not achieving your long-term financial goals.

How does it work?

This questionnaire is designed to help you consider your Risk Tolerance and is part of a larger assessment that is necessary to give you the proper advice. The results are not the sole determinant in your investment plan as other factors must be considered.

For each question, the more conservative your response the lower the point value. Of course, the decision to invest more conservatively or more aggressively than this questionnaire suggests is always yours to make.

What do your answers mean?

Complete the questionnaire with the best available answers. Your answers will help us better understand your comfort level with risk. Please remember there are no "right" or "wrong" answers.

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What is your current age (in years)?

- ☐ Under 45
- ☐ 45-55
- ☐ 55-65
- ☐ 66-75
- ☐ Over 75 years

How much can you lose in one year and not lose sleep at night?

- ☐ I can't afford to lose money
- ☐ Less than 5% in one year
- ☐ 6% - 10% in one year
- ☐ 11% - 15% in one year
- ☐ I won't lose sleep - I'm in this for the long haul

When did you last check your investment performance?

- ☐ I cannot remember
- ☐ Within the past year
- ☐ Within a month
- ☐ Within 24 hours
- ☐ Hourly

During the global financial crisis of 2007–2009, stocks lost 57% of their value from top to bottom. If you owned stocks that lost this amount in just a few months, you would:

- ☐ Buy more of the investment
- ☐ Hold the investment and do nothing
- ☐ Sell a portion of the investment
- ☐ Sell all of the investment

Which of the following risks or events do you fear most?

- ☐ A loss of principal over any period of 1 year or less
- ☐ A rate of inflation that exceeds my rate of return over the long term, because it will erode the purchasing power of my money
- ☐ Portfolio performance that is insufficient to meet my goals
- ☐ Portfolio performance that is consistently less than industry benchmarks
- ☐ A missed investment opportunity that could have yielded higher returns over the long term, even though it entailed higher risk

I expect to start drawing income from this investment:

- ☐ Not for at least 20 years

- ☐ In 10 to 20 years
- ☐ In 5 to 10 years
- ☐ Not now, but within 5 years
- ☐ Immediately

You have just finished saving for a “once-in-a-lifetime” vacation. Three weeks before you plan to leave, you lose your job. You would:

- ☐ Cancel the vacation
- ☐ Take a more modest vacation
- ☐ Extend your vacation, because this might be your last chance to go first-class

For this investment, my goal is:

- ☐ To grow aggressively
- ☐ To grow with caution
- ☐ To avoid losing money

Assuming normal market conditions, what would you expect from this investment over time?

- ☐ To generally keep pace with the stock market
- ☐ To trail the stock market, but make a decent profit
- ☐ To have a high degree of stability, but only modest profits

Suppose the stock market performs unusually poorly over the next decade. What would you then expect from this investment?

- ☐ I will be OK if I lose money
- ☐ To make a small gain
- ☐ To be little affected by what happens in the stock market

In addition to whatever you currently own, you have been given \$2,000 to invest. Which would you choose?

- ☐ A sure loss of \$500
- ☐ A 50% chance to lose \$1,000 and a 50% chance to lose nothing

Which of these statements would best describe your attitude about the next three months' performance of this investment?

- ☐ Who cares? One calendar quarter means absolutely nothing
- ☐ If I suffered a loss of greater than 10%, I'd get concerned
- ☐ I can tolerate only small short-term losses

In general, how would your best friend describe you as a risk taker?

- ☐ A real gambler
- ☐ Willing to take risks after completing adequate research
- ☐ Cautious
- ☐ A real risk avoider

You are on a TV game show and can choose one of the following. Which would you take?

- ☐ \$1,000 in cash
- ☐ A 50% chance at winning \$5,000
- ☐ A 25% chance at winning \$10,000
- ☐ A 5% chance at winning \$100,00

If you unexpectedly received \$20,000 to invest, what would you do?

- ☐ Deposit it in a bank account, money market account, or an FDIC-insured CD
- ☐ Invest it in safe high-quality bonds or bond mutual funds
- ☐ Invest it in stocks or mutual funds

In terms of experience, how comfortable are you investing in stocks or stock mutual funds?

- ☐ Not at all comfortable
- ☐ Somewhat comfortable
- ☐ Very comfortable

When you think of the word "risk" which of the following words comes to mind first?

- ☐ Loss
- ☐ Uncertainty
- ☐ Opportunity
- ☐ Thrill

Some experts are predicting prices of assets such as gold, jewels, collectibles, and real estate (hard assets) to increase in value; bond prices may fall; however, experts tend to agree that government bonds are relatively safe. Most of your investment assets are now in high-interest government bonds. What would you do?

- ☐ Hold the bonds
- ☐ Sell the bonds, put half the proceeds into money market accounts, and the other half into hard assets
- ☐ Sell the bonds and put the proceeds into hard assets
- ☐ Sell the bonds, put all the money into hard assets, and borrow additional money to buy more

Given the best- and worst-case returns of the four investment choices below, which would you prefer?

- ☐ \$200 gain best case; \$0 gain/loss in worst case
- ☐ \$800 gain best case; \$200 loss worst case
- ☐ \$2,600 gain best case; \$800 loss worst case
- ☐ \$4,800 gain best case; \$2,400 loss worst case

Suppose a relative left you an inheritance of \$100,000, stipulating in the will that you invest ALL the money in ONE of the following choices. Which would you select?

- ☐ A savings account or money market mutual fund
- ☐ A mutual fund that owns stocks and bonds
- ☐ A portfolio of 15 common stocks

- ☐ Commodities like gold, silver, and oil

Imagine you were in a job where you could choose to be paid salary, commission, or a mix of both. Which would you pick?

- ☐ All salary
- ☐ Mainly salary
- ☐ Equal mix of salary and commission
- ☐ Mainly commission
- ☐ All commission

Your trusted friend and neighbor, an experienced geologist, is putting together a group of investors to fund an exploratory gold mining venture. The venture could pay back 50 to 100 times the investment if successful. If the mine is a bust, the entire investment is worthless. Your friend estimates the chance of success is only 20%. If you had the money, how much would you invest?

- ☐ Nothing
- ☐ One month's salary
- ☐ Three months' salary
- ☐ Six months' salary

During the first half of 1994, some bond investments fell more than 10%. If I owned an investment that fell by 10% over a short period of time I would:

- ☐ Sell all of the remaining investment
- ☐ Sell a portion of the remaining investment
- ☐ Hold the investment and sell nothing
- ☐ Buy more of the investment

If you had to invest \$20,000, which of the following investment choices would you find the most appealing?

- ☐ 60% in low-risk investments, 30% in medium-risk investments, 10% in high-risk investments
- ☐ 30% in low-risk investments, 40% in medium-risk investments, 30% in high-risk investments
- ☐ 10% in low-risk investments, 40% in medium-risk investments, 50% in high-risk investments

How long would your cash reserves last if you lost your job, or in an emergency?

- ☐ Less than 1 month
- ☐ Less than 3 months
- ☐ Less than 6 months
- ☐ Less than 1 year
- ☐ More than 1 year