



FREQUENTLY ASKED QUESTIONS



ALLOCATING YOUR INVESTMENT

Your ability to handle ups and downs in the investment market is known as risk tolerance. Consider the statements below and choose the answer that best characterizes the way you feel.

| | <u>Disagree</u> | | | <u>Agree</u> | |
|---|-----------------|--------------|--------------|--------------|--------------|
| 1. I am knowledgeable about personal investing and economic issues. | 1 | 2 | 3 | 4 | 5 |
| 2. I am willing to accept above-avg. risk to achieve above-avg. returns. | 1 | 2 | 3 | 4 | 5 |
| 3. Staying ahead of inflation is very important to me. | 1 | 2 | 3 | 4 | 5 |
| 4. If my investment loses money over the course of a year, I can easily resist the temptation to sell it. | 1 | 2 | 3 | 4 | 5 |
| 5. I do not plan on withdrawing the money that I put aside for retirement to make major purchases. | 1 | 2 | 3 | 4 | 5 |
| 6. My current age: | 1 (60+) | 2 (50-59) | 3 (40-49) | 4 (30-39) | 5 (20-29) |
| 7. My approximate number of years to retirement | 1 (5) | 2 (10) | 3 (15) | 4 (20) | 5 (25) |

Total your score and compare to the following risk tolerance levels. Strategy A represents the most conservative way of investing. Strategy E represents the most aggressive way of investing.

| | | | | |
|------------|------------|------------|------------|------------|
| Strategy A | Strategy B | Strategy C | Strategy D | Strategy E |
| 7-12 | 13-18 | 19-24 | 25-29 | 30-35 |

Sample Asset Allocations

| | | |
|-------------|-----|-------------------|
| Strategy A: | 40% | Conservative |
| | 30% | Income |
| | 20% | Value |
| | 10% | Blend/Growth |
| Strategy B: | 23% | Conservative |
| | 30% | Income |
| | 15% | Value |
| | 22% | Blend/Growth |
| | 10% | Aggressive Growth |
| Strategy C: | 15% | Conservative |
| | 20% | Income |
| | 10% | Value |
| | 30% | Blend/Growth |
| | 25% | Aggressive Growth |

| | | | | | |
|--------------|--------|-------------------|-------|--------|----------------|
| Strategy D: | 05% | Conservative | | | |
| | 10% | Income | | | |
| | 10% | Value | | | |
| | 40% | Blend/Growth | | | |
| | 35% | Aggressive Growth | | | |
| Strategy E: | 50% | Blend/Growth | | | |
| | 50% | Aggressive Growth | | | |
| <hr/> | | | | | |
| Risk | | | | | |
| C | I | V | B | G | A |
| Conservative | Income | Value | Blend | Growth | Aggressive Gr. |