

## Understanding Your Personal Risk Tolerance

This is a tool to help you evaluate your general attitude toward risk. You may find it helpful to take the quiz for an overall measure, and then complete it again for each specific goal. People frequently find that they invest more conservatively for short-term goals and more aggressively for long-term goals.

Following each topic, place a check mark next to the phrase that best describes your feelings. Then total up your score and compare it to the table below.

### Investment Time Frame

- \_\_\_\_\_ 1. I am interested primarily in short-term results.
- \_\_\_\_\_ 2. I am willing to adjust my portfolio at least once a year.
- \_\_\_\_\_ 3. I am interested primarily in long-term results.

### Beating the Stock Market

- \_\_\_\_\_ 1. I don't care about beating the stock market.
- \_\_\_\_\_ 2. I'm willing to give up some certainty to get better returns.
- \_\_\_\_\_ 3. Beating the stock market is essential to me.

### Investment Income

- \_\_\_\_\_ 1. I will rely on current investment income and must know what it will be.
- \_\_\_\_\_ 2. Current income is one of several factors important to me.
- \_\_\_\_\_ 3. Current income is not important to me.

### Capital Preservation

- \_\_\_\_\_ 1. I cannot afford to lose any capital.
- \_\_\_\_\_ 2. I can afford to lose 10% to 20% of my capital for a few months to a year.
- \_\_\_\_\_ 3. I can afford to lose 50% or more of my capital.

### Protection Against Inflation

- \_\_\_\_\_ 1. Preserving current income and my capital is more important than beating inflation.
- \_\_\_\_\_ 2. I want current income, but I want to beat inflation too.
- \_\_\_\_\_ 3. It's essential that my investments grow faster than inflation.

### YOUR PERSONAL RISK SCORE

\_\_\_\_\_ **Total Score** (Add the numbers next to each item you checked.)

#### 5-7 points

Consider yourself financially conservative.

#### 8-10 points

You are moderately conservative.

#### 11-13 points

You are moderately aggressive

#### 14-15 points

You have the makings of an aggressive investor

Adapted from TIAA/CREF Understanding Investments, 1993. Used with permission.