Your Attitude Toward Investment Risk: A Worksheet

Your answers to the following questions may help you better understand your tolerance for investment risk.

1. How do you feel about the volatility in the value of your long term investments?
   - ❑ a. I would be uncomfortable with a lot of fluctuation. If I could be sure that much of my accumulation were guaranteed to rise in value, I would be content with a slower rate of growth.
   - ❑ b. I would not mind if the value of my accumulation fluctuates, as long as some of it is guaranteed not to decrease.
   - ❑ c. I can tolerate swings in my total account value (including the possibility of losses) if there is potential for greater long-term growth.

2. What kinds of investments do you prefer?
   - ❑ a. Guaranteed investments that will protect me from loss of principal.
   - ❑ b. A range of investment types (stocks, bonds, real estate), so that if one market is down, segments of my total account may continue to grow.
   - ❑ c. A highly diversified mix of stocks, offering the potential for long-term growth within accept able risk limits.

3. To increase your potential of having a greater retirement income, would you be willing to take more risk
   - ❑ a. with none of your long-term investments?
   - ❑ b. with some of your long-term investments?
   - ❑ c. with all of your long-term investments?

4. You have allocated much of your contributions to a variable account. Suddenly, the value of that account drops by 15%. Your reaction?
   - ❑ a. Change my allocation to a less volatile account.
   - ❑ b. Reexamine how all of my other funds are allocated to see if I am comfortable with that degree of change.
   - ❑ c. Do nothing about a short term drop in price if the long-term prospects for growth remain good.

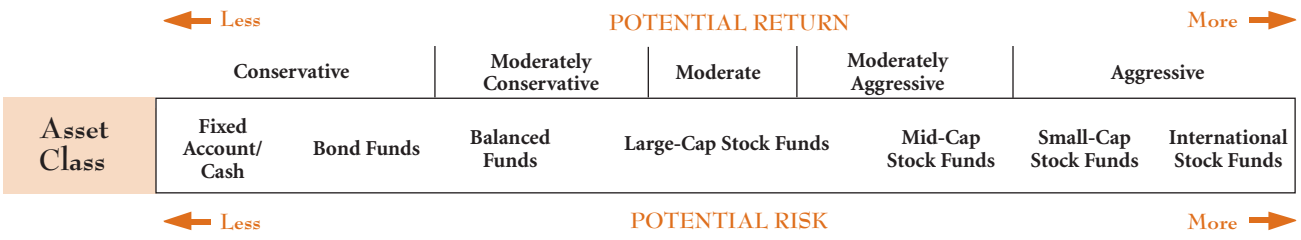
5. In order to meet my long-term financial goals, I think that my retirement dollars will have to
   - ❑ a. simply keep pace with inflation.
   - ❑ b. grow at a rate modestly higher than inflation.
   - ❑ c. increase in value substantially.

Based on your answers...

- If you chose (**a**) for most of your answers, you are probably most concerned with preserving your existing accumulation and most comfortable with a lower level of investment risk and more conservative investments.
- If you chose (**b**) for most of your answers, you are probably looking to strike a fairly even balance between safety and growth opportunity. You may consider yourself a more moderate investor.
- If you chose (**c**) for most of your answers, you are probably comfortable with a somewhat higher level of investment risk.

Remember to consider your investment time horizon and other sources of retirement income before allocating your investments. Historically, a well-diversified portfolio helps reduce the impact of risk over the long term.

Spectrum of Investment Risk and Return



This worksheet is intended to be educational material that may or may not assist you with assessing your investment risk tolerance.