



## Risk Tolerance Questionnaire



Answer the questions on the following pages, clicking the reply that most closely represents your situation. As you fill out the questionnaire keep your primary financial goal in mind, such as retirement. Couples can either complete the questionnaire together or separately. The Risk Tolerance Score is just one of many important factors that contribute to determining your asset allocation and investment strategy.

Once you have completed the form, please download and email to [carla@twmltd.com](mailto:carla@twmltd.com)

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### Disclosures:

*The suggested asset allocations within the questionnaire depend on subjective factors such as your risk tolerance and financial situation. For this reason, you should view them only as broad guidelines for how you might consider investing your savings. It's important to review historical returns of short-term investments, bonds, and stocks carefully over various holding periods to see if you can accept the level of risk in a given investment mix.*

*The allocations provided are based on generally accepted investment principles. There is no guarantee, however, that any particular asset allocation or mix of funds will meet your investment objectives. All investments involve risks, and fluctuations in the financial markets and other factors may cause declines in the value of your account.*

*The asset allocations are limited to three broad classes of investments: short-term reserves (such as money market accounts and certificates of deposit), bonds, and stocks. They don't include other assets, such as real estate, personal property, or precious metals. The Target Risk Model Portfolios are intended to be more diversified and therefore will differ from the broad index allocations presented. The overall portfolio should reflect your investment objectives. However, individual portfolio positions may involve more or less risk than this implies. The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio.*

*Asset Allocation Matrix table -- Historical Risk and Return data provided by Money Guide Pro through Morningstar, 1970 through 2015. The return for "All Fixed Income" represents the Ibbotson SBBI return for 1928-2015. Projected returns provided by TWM (see below).*

*Spectrum of Returns data -- Returns for Average 1 Year year period as described above. Data for 5, 10 and 20 years periods represents rolling period geometric (compounded) returns provided by Ibbotson SBBI 1928-2015. Target model data reflects weighted returns for a two asset class portfolio (domestic stocks and intermediate bonds).*

How many years until you need to withdraw approximately 20% of your investments (for retired or retiring investors a rule of thumb would be to withdraw no more than 4% per year, so it would

1. take 5 years after the draw starts to withdraw a total of 20%) . . .

- A. Less than 1 year
- B. 1–2 years
- C. 3–5 years
- D. 6–10 years
- E. 11–15 years
- F. More than 15 years

2. As I withdraw money from these investments, I plan to withdraw it over a period of . . .

- A. 2 years or less
- B. 3–5 years
- C. 6–10 years
- D. 11–15 years
- E. More than 15 years

3. When making a long-term investment, I plan to keep the money invested for . . .

- A. 1–2 years
- B. 3–4 years
- C. 5–6 years
- D. 7–8 years
- E. More than 8 years

4. From September 2008 through November 2008, stocks lost more than 31% of their value.

If I owned a stock investment that lost about 31% of its value in three months, I would . . .

(If you owned stocks during this period, please select the answer that matches your actions at that time.)

- A. Sell all of the remaining investment
- B. Sell some of the remaining investment
- C. Hold on to the investment and sell nothing
- D. Buy more of the investment

5. Generally, I prefer an investment with little or no ups or downs in value, and I am willing to accept the lower returns these investments may make.

- A. I strongly disagree
- B. I disagree
- C. I somewhat agree
- D. I agree
- E. I strongly agree

6. When the market goes down, I tend to sell some of my riskier investments and put the money in safer investments.

- A. I strongly disagree
- B. I disagree
- C. I somewhat agree
- D. I agree
- E. I strongly agree

7. Based only on a brief conversation with a friend, coworker, or relative, I would invest in a mutual fund.

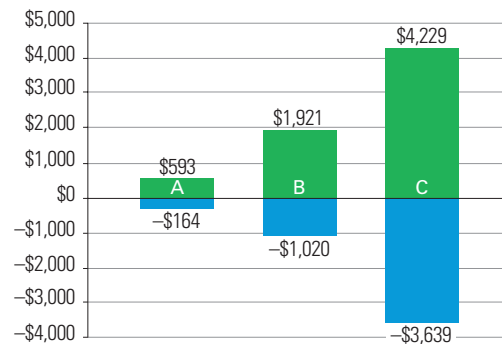
- A. I strongly disagree
- B. I disagree
- C. I somewhat agree
- D. I agree
- E. I strongly agree

8. From September 2008 through October 2008, bonds lost nearly 4% of their value. If I owned a bond investment that lost almost 4% of its value in two months, I would . . . (If you owned bonds during this period, please select the answer that matches your actions at that time.)

- A. Sell all of the remaining investment
- B. Sell some of the remaining investment
- C. Hold on to the investment and sell nothing
- D. Buy more of the investment

9. The chart to the right shows the highest one-year loss and the highest one-year gain on three different hypothetical investments of \$10,000.\* Given the potential gain or loss in any one year, I would invest my money in . . .

- A. Investment A
- B. Investment B
- C. Investment C



\*The maximum gain or loss on an investment is impossible to predict. The ranges shown in the chart are hypothetical and are designed solely to gauge an investor's risk tolerance.

10. My current and future income sources (such as salary, Social Security, pension) are . . .

- A. Very unstable
- B. Unstable
- C. Somewhat stable
- D. Stable
- E. Very stable

11. When it comes to investing in stock or bond funds (or individual stocks or bonds), I would describe myself as . . .

- A. Very inexperienced
- B. Somewhat inexperienced
- C. Somewhat experienced
- D. Experienced
- E. Very experienced

### Scoring the questionnaire

In the table below, each of your answers is automatically assigned a numerical value. For example, if you answered “C” to question 1, your score for that question is 4 points. Your overall score appears at the bottom of the **Points** column.

							Points
	A	B	C	D	E	F	
1.	0	1	4	7	12	17	
2.	0	1	3	5	8	–	
3.	0	1	3	5	7	–	
4.	1	3	5	6	–	–	
5.	6	5	3	1	0	–	
6.	5	4	3	2	1	–	
7.	5	4	3	2	1	–	
8.	1	3	5	6	–	–	
9.	1	3	5	–	–	–	
10.	1	2	3	4	5	–	
11.	1	2	3	4	5	–	

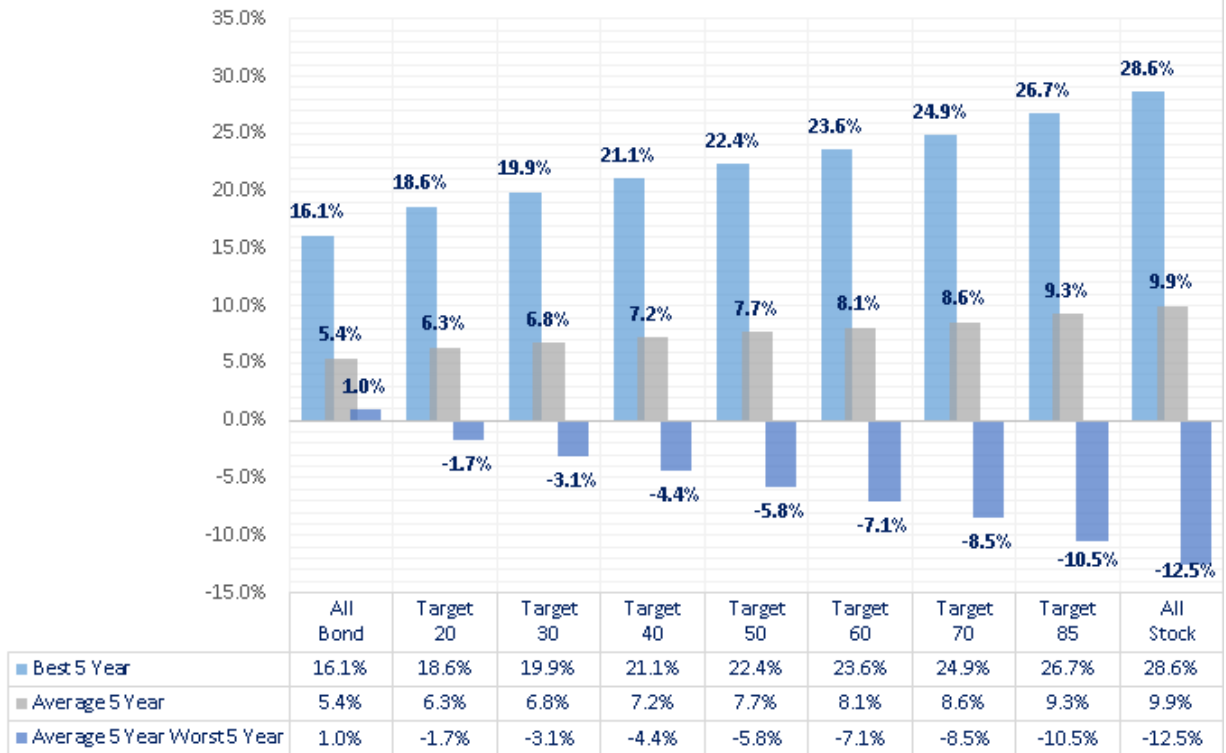
Total:

Use your score to find your suggested investment mix on the next page.

## Suggested investment mixes

Your suggested investment mix based on your score of

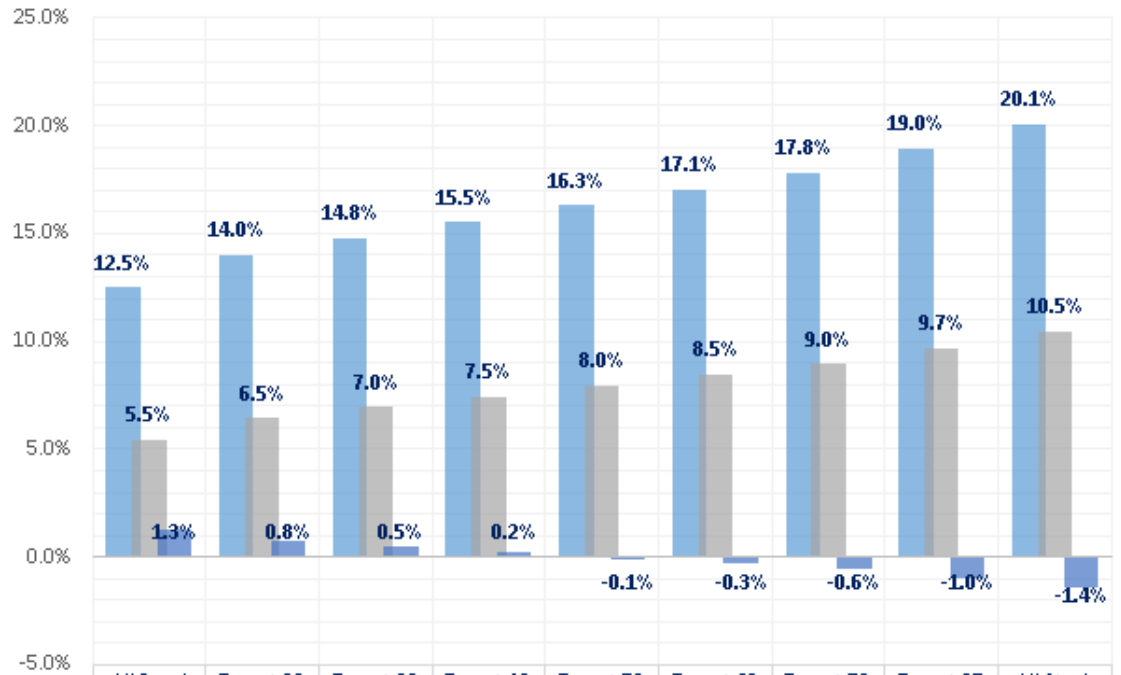
### Spectrum of 5 Year Returns 1926-2015



### VALUE OF \$10,000 5 YEAR HOLDING PERIODS



### Spectrum of 10 Year Returns 1926-2015

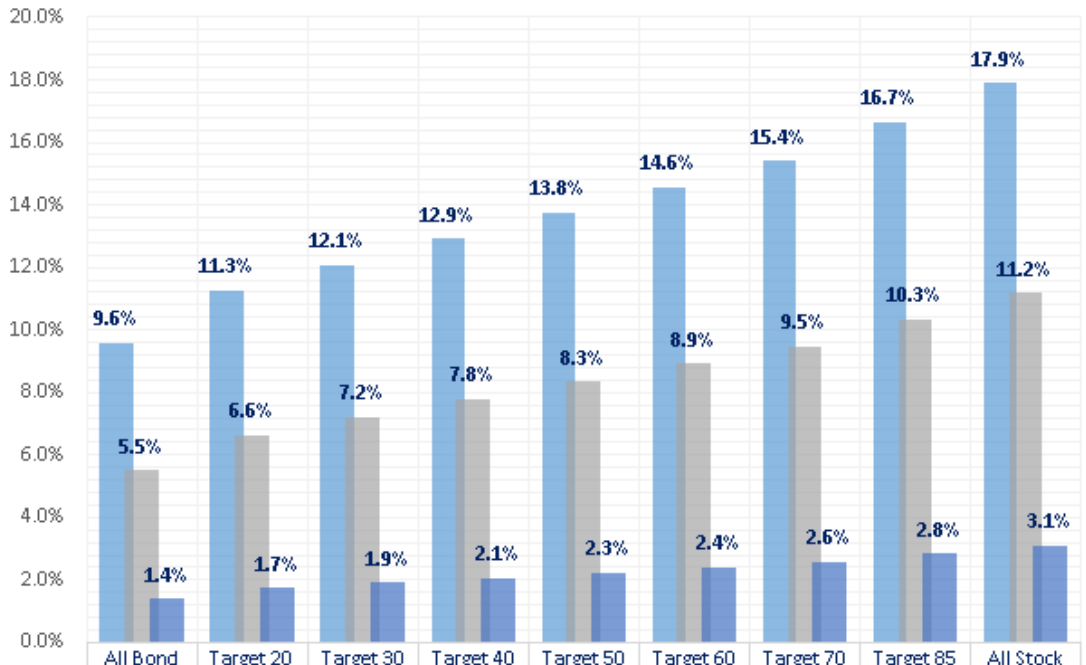


	All Bond	Target 20	Target 30	Target 40	Target 50	Target 60	Target 70	Target 85	All Stock
Best 10 Year	12.5%	14.0%	14.8%	15.5%	16.3%	17.1%	17.8%	19.0%	20.1%
Average 10 Year	5.5%	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.7%	10.5%
Average 10 Year Worst 10 Year	1.3%	0.8%	0.5%	0.2%	-0.1%	-0.3%	-0.6%	-1.0%	-1.4%

### VALUE OF \$10,000 10 YEAR HOLDING PERIODS



### Spectrum of 20 Year Returns 1926-2015



Best 20 Year	9.6%	11.3%	12.1%	12.9%	13.8%	14.6%	15.4%	16.7%	17.9%
Average 20 Year	5.5%	6.6%	7.2%	7.8%	8.3%	8.9%	9.5%	10.3%	11.2%
Average 20 Year Worst 20 Year	1.4%	1.7%	1.9%	2.1%	2.3%	2.4%	2.6%	2.8%	3.1%

### VALUE OF \$10,000 20 YEAR HOLDING PERIODS

