

Investment Risk Tolerance Self-Assessment

A primary consideration when developing an investment strategy and selecting investments that best helps you achieve your financial goals is knowing and understanding your investment risk tolerance level, i.e. how much and how many stock market fluctuations can you tolerate while seeking higher returns and long term growth. This assessment helps you determine and recognize your tolerance/comfort level with investment risk.

Answer each question from **5 – strongly agree** to **2 – strongly disagree**. Total your answers to calculate your *Risk Assessment Score* then check the table at the bottom to determine your *Investment Risk Tolerance Level*.

FINANCIAL GOALS

SCORE

1. Investments

I do not currently need a high level of income from my retirement investments:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

2. Large Expenses

I have set aside savings to cover major expenses like purchasing a home, college tuition, or a financial emergency:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

3. Inflation

I am concerned about the effects of inflation on my investments:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

RISK TOLERANCE

4. Volatility

I can tolerate sharp ups and downs in the short-term value of my investments in return for potential long-term gains:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

5. Risk vs. Reward

I prefer an investment that has a 50% chance of losing 5% and a 50% chance of gaining 20% in one year, rather than an investment that assures me a 5% return in one year:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

6. Decline in Value

I am comfortable holding on to an investment even though it drops sharply in value:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

7. Equity Investing

I am willing to take the risks associated with stocks to earn potential return that is higher than inflation:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

8. Knowledge of Risk:

I consider myself having basic knowledge about the risks and potential returns associated with investing in stocks and other types of investments:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

9. Your Personal Timeline

I plan to use the results of my investments in:

5 – 15 or more years 4 – 10 to 15 years 3 – 5 to 10 years 2 – less than 5 years

10. Long-term Investing

I am comfortable with an investment that may take 10 years or more to provide the returns I expect:

5 – strongly agree 4 – agree 3 – disagree 2 – strongly disagree

Risk Assessment Score

Risk Assessment Score	Investment Risk Tolerance Level
20-26	Very conservative
27-32	Conservative
33-38	Moderate
39-44	Moderately aggressive
45-50	Aggressive