

How do I determine my risk tolerance *and* select investments?

Write your answers to the questions below in the corresponding box to the right.

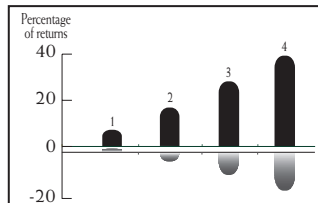
1 In how many years do you expect to begin making withdrawals from your retirement account(s)?

Fewer than 2 years	0	Score
2 – 5 years	4	
6 – 9 years	8	
10 – 15 years	12	
more than 15 years	18	

2 Once you begin making withdrawals, how many years do you expect to continue making withdrawals?

Lump-sum payment or full withdrawal over fewer than 2 years	0
2 – 5 years	2
6 – 9 years	4
10 – 15 years	6
more than 15 years	8

3 The graph on the right shows the probable range of returns of four hypothetical samples over a one-year period. In which of these portfolios would you prefer to invest?



Sample 1	0
Sample 2	4
Sample 3	9
Sample 4	13

4 The five hypothetical samples shown in the chart represent an investment of \$100,000 and the estimated best-case and worst-case scenarios after one year. Which range of possible outcomes would you prefer?

Sample	Potential best case (\$)	Potential average case (\$)	Potential worst case (\$)
1	17,300	7,800	100
2	23,700	8,700	-4,350
3	30,100	9,600	-8,800
4	36,600	10,500	-13,250
5	43,000	11,300	-17,700

Sample 1	0
Sample 2	3
Sample 3	6
Sample 4	9
Sample 5	13

5 How would you respond to the following statement? I am comfortable with investments that may frequently experience large declines in value if there is a potential for high returns.

Strongly disagree	0	Score
Disagree	2	
Somewhat agree	4	
Agree	7	
Strongly agree	10	

6 The value of a hypothetical investment increased by 15% in four months and similar investments increased by 5%. Which of these strategies are you most likely to follow?

Sell the investment now to realize the gain and move to a more conservative investment to protect the gain.	0
Sell some of the investment now and move the proceeds to a more conservative investment to lock in a portion of the gain.	4
Continue holding the investment.	9

7 Suppose you invested \$30,000 with the intention of holding the investment for 10 years. If this investment lost value during the first year, at what value of your initial \$30,000 investment would you sell and move to a more stable investment?

\$28,500	0
\$27,000	2
\$25,500	4
\$24,000 or less	6
I would not sell	10

8 The following table shows the average return and probability of experiencing a loss in five different hypothetical investments over a one-year holding period. Which of the following investments would you prefer?

	Likely return	Odds of loss	
Investment 1	7%	12 out of 100	0
Investment 2	8%	16 out of 100	3
Investment 3	9%	21 out of 100	6
Investment 4	11%	26 out of 100	9
Investment 5	13%	28 out of 100	13

Add the response points from your answers to questions 1 through 8.

Your total score

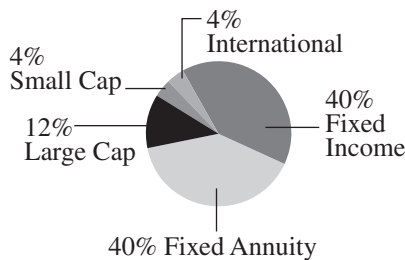
Risk tolerance	Score:	Time horizon:					Risk type:
		0–2 yrs.	2–5 yrs.	6–9 yrs.	10–15 yrs.	15+ yrs.	
Locate in the chart where the time horizon and risk tolerance scores intersect. The letter found in this location represents your investment style.	0–13	A	A	A	A		<input type="checkbox"/> sample A conservative
	14–37	A	B	B	B	B	<input type="checkbox"/> sample B moderately conservative
	38–64	A	B	C	C	C	<input type="checkbox"/> sample C moderate
	65–88	A	B	C	D	D	<input type="checkbox"/> sample D moderately aggressive
	89–94					E	<input type="checkbox"/> sample E aggressive

Investment style *samples*

After you've assessed your investment objectives, time horizon and risk tolerance, you can create an investment mix that fits your financial profile. Know your asset allocation model before making your investment selections.

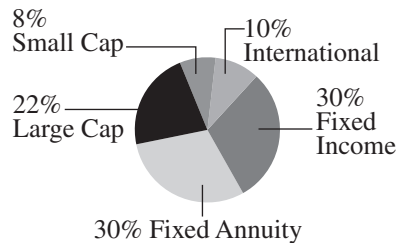
Some investors prefer the convenience of using our pre-allocated sample mixes as a guide to selecting a suitably diversified mix of investments. These are examples and not recommendations. Your allocation should reflect your personal goals and investment preferences.

Sample A Conservative



This sample mix might suit investors with a low tolerance for investment risk or investors with a short time horizon. These conservative investors generally seek stability and liquidity from their invested assets. More specifically, they generally want to preserve capital while providing income. Fluctuations in the portfolio values are generally minor on an annual basis.

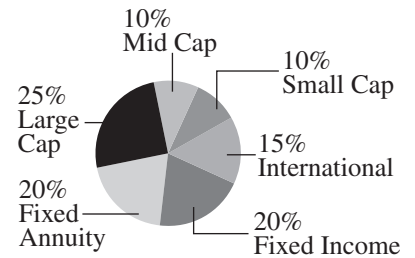
Sample B Moderately Conservative



This sample mix might suit investors with a slightly higher tolerance for investment risk or a longer time horizon than conservative investors. These investors generally seek modest capital appreciation and income. While mixes in this range generally preserve capital, fluctuation in values can occur from year to year.

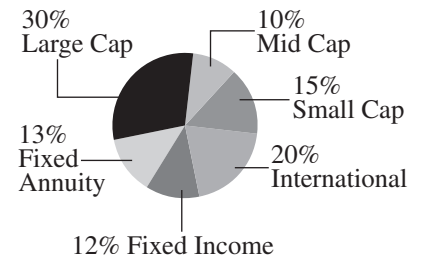
Generally, higher potential returns involve greater risk and short-term volatility. For example: small-cap, mid-cap, sector and emerging funds can experience significant price fluctuation due to business risks and adverse political developments. International (global) and foreign funds can experience price fluctuation due to changing market conditions, currency values, and economic and political climates. High-yield bond funds, which invest in bonds that have lower ratings, typically experience price fluctuation and a greater risk of loss of principal and income than when investing directly in U.S. government securities such as U.S. Treasury bonds and bills, which are guaranteed by the government for repayment of principal and interest if held to maturity. Mortgage-related funds' underlying mortgages are more likely to be prepaid during periods of declining interest rates, which could hurt the fund's share price or yield, and may be prepaid more slowly during periods of rapidly rising interest rates, which may lengthen the fund's expected maturity. Investors should carefully assess the risks associated with an investment in the fund. Fund shares are not insured and are not backed by the U.S. government, and their value and yield will vary with market conditions.

Sample C Moderate



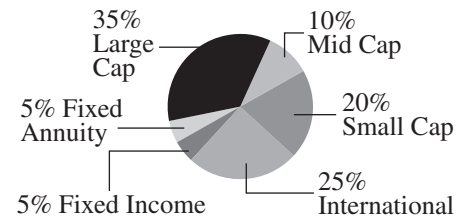
This sample mix might suit investors with a slightly higher tolerance for investment risk or longer time horizon than moderately conservative investors. These investors generally seek relatively stable growth from invested assets offset by a low level of income. Mixes in this range generally seek steady growth and less volatility than the broader stock markets.

Sample D Moderately Aggressive



This sample mix might suit investors with a relatively high tolerance for investment risk and a long time horizon. These investors generally seek above-average growth and have little need for current income. Mixes in this range generally seek capital appreciation and fluctuate moderately on an annual basis.

Sample E Aggressive



This sample mix might suit investors with both a high tolerance for investment risk and a long time horizon. These investors generally seek high growth and no current income. Mixes in this range generally seek capital appreciation and can fluctuate substantially on an annual basis. This category is unsuitable for investors who do not have an extended time horizon.

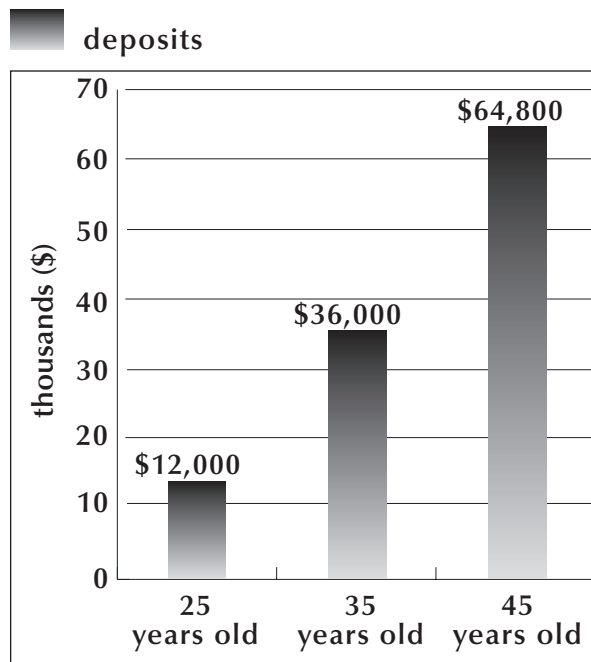
Why *start today?*

TIME *is* money

Every day you delay starting to save for retirement means less time to benefit from compound interest. This means you have to make up for that lost time and save more in the time remaining until retirement.

For example, a 25-year-old who invested \$200 a month for five years could have accumulated \$300,000 by age 65, assuming an 8% annual rate of return. That is an outlay of only \$12,000 over a five-year period. But if that same investor had waited until age 45 to begin saving and investing, it would have taken contributions of \$64,800 over a 27-year period — well past age 65 — to accumulate \$300,000.

THE COST TO ACCUMULATE \$300,000



This example compares the total out-of-pocket costs required to fund the retirement goals of an investor if the investor started contributing \$200 a month at different ages and assuming an 8% annual rate of return. Tax-qualified plan accumulations are taxed as ordinary income when withdrawn. Federal restrictions and tax penalties can apply to early withdrawals. This information is hypothetical and only an example. It does not reflect the return of any investment and is not a guarantee of future income.

Getting **STARTED**

Now that you understand how powerful your retirement plan is and why it's so important to save for retirement, don't miss the opportunity. Your experienced and trusted financial advisor will help you set long-term financial goals, create a suitable investment plan to help meet those goals, then implement and maintain your investment portfolio along the way.