



CONFIDENTIAL

RISK TOLERANCE QUESTIONNAIRE

INVESTMENT OBJECTIVES

1. An investment objective can vary, from a conservative strategy in which the focus is on capital preservation to an aggressive growth strategy in which the focus is on capital appreciation, or it can fall somewhere in between. Using the scale of 1 (Capital Preservation) to 7 (Most Aggressive), what is your primary investment objective?

- Capital Preservation
- Conservative
- Moderately Conservative
- Moderate
- Moderately Aggressive
- Aggressive
- Most Aggressive

2. Different investment portfolios have different risk and return profiles, which can have significant impact on your ability to meet your financial goals. Which portfolio best matches your investment preference?

- A portfolio that is expected to have low risk and return characteristics with the goal of protecting the principal and potentially generating income.
- A portfolio that is expected to have low to moderate risk and return characteristics with the goal of conservatively growing the principal and generating income.
- A portfolio that is expected to have moderate risk and return characteristics with the goal of moderately growing the principal and generating a higher income.
- A portfolio that is expected to have moderate to aggressive risk and return characteristics with the goal of growing the principal.
- A portfolio that is expected to have aggressive risk and return characteristics with the goal of maximizing the growth of principal.

3. In providing a portfolio recommendation, both your desire to generate income and/

or growth from your investments and your tolerance for market risk and potential loss of principal are considered. Which of the following best describes your attitude towards the relative importance of your investment objective and risk tolerance?

- Provide a portfolio recommendation that emphasizes my investment objective over my risk tolerance.
- Provide a portfolio recommendation that emphasizes my risk tolerance over my investment objective.
- Provide a portfolio recommendation that places equal weight on my investment objective and risk tolerance.

4. Rate yourself on your experience with investment products such as stocks, bonds, mutual funds, variable life insurance, and variable annuities.

- Not very experienced
- Somewhat experienced
- Very experienced

5. Sometimes investment losses are permanent, sometimes they are prolonged, and sometimes they are short-lived. How might you respond when you experience investment losses?

- I would sell my risky investments immediately if they suffered substantial declines.
- Even if my investments suffered a significant decline over several years, I would continue to follow my long-term investment strategy.
- I would consider buying more of an investment that had suffered a substantial decline.

6. Choose the answer that best describes your response to the following statement: "I am comfortable with investments that will periodically decline in value if there is a po-

tential for high returns."

- Strongly disagree
- Disagree
- Somewhat agree
- Agree
- Strongly agree

7. Overtime, inflation can have a significant negative impact on how much your income can buy. If your investments earn higher returns, your income from those investments is more likely to keep pace with inflation and maintain buying power. However, higher returns can generally only be achieved by accepting greater risk.

Which of the following choices best reflects your attitude toward inflation and accepting greater risk to maintain buying power?

- My main goal is to avoid losses, even though my income might not keep pace with inflation.
- My main goal is to have my income keep pace with inflation, which may require me to take on a moderate level of risk.
- My main goal is to increase my portfolio's value beyond what is necessary to have my income keep pace with inflation, so I am willing to take on higher levels of risk and tolerate investment losses.

8. Assume your monthly income is a fixed percentage of your portfolio value, and the amount of your monthly income will increase or decrease as the portfolio value increases or decreases. If your original income was \$1,000 per month and your portfolio value declines, how much will your monthly income have to decline in the first year before you would consider becoming more conservative with your investments?

- When my monthly income declines 3% to \$970.
- When my monthly income declines 6% to \$940.
- When my monthly income declines 10% to \$900.
- When my monthly income declines 18%

to \$820.

- I would not make changes in the first year.

9. "If the U.S. stock portion of my portfolio were to lose 10% of its value over a one-month period, consistent with the overall market, I would prefer to cut my losses and shift into a more conservative investment strategy." How do you feel about the previous statement?

- Strongly agree
- Agree
- Somewhat agree
- Disagree
- Strongly disagree

10. Inflation can have a significant negative impact on the purchasing power of your income stream. Below are three model portfolios and their risk-return tradeoffs that take into account purchasing power after inflation. Which would you choose?

- Investment X: On average, my income stream will increase by 2% with a low likelihood of a small (4%) decline.
- Investment Y: On average, my income stream will increase by 6% with a moderate likelihood of a moderate (5%) decline.
- Investment Z: On average, my income stream will increase by 8% with a moderate likelihood of a larger (9%) decline.

11. When do you expect to begin withdrawing money from your investment account?

- Less than 5 years
- 5 to 7 years
- 8 to 10 years
- 11 years or more

12. Once you begin withdrawing money from your investment account, how long do you expect the withdrawals to last?

- I plan to take a lump sum distribution
- 1 to 4 years
- 5 to 7 years
- 8 to 10 years
- 11 years or more