

Safe Money Portfolio Planner

Use this test to evaluate your risk tolerance, and to decide how to allocate your funds to the investment recommendations made by Safe Money Report.

Each person approaches his or her investment decisions from a unique perspective. A mutual fund or stock that is perfect for someone else may be totally inappropriate for you due to factors such as:

- How much risk you are comfortable taking
- Your age and the number of years you have before retirement
- Your income level and tax rate
- Your other existing investments and personal net worth
- Your expectations about investment performance

The following quiz will help you quantify your tolerance for risk based on your own personal life situation. As you read through each question, circle the letter next to the single answer that you feel most accurately describes your current position. Keep in mind that there are no “correct” answers to this quiz — only answers that are helpful in assessing your investment style. So don’t worry about how your answer might be perceived by others; just try to be as honest and accurate as possible.

Then at the end of the quiz, use the point totals listed on the right side of the page to compute your test score. Once you’ve added up your total points, refer to the corresponding investor profile for an evaluation of your personal risk tolerance.

1. I am currently investing to pay for:	Points	Your Score
a. Retirement	0 pts	
b. College	0 pts	
c. A house	0 pts	
2. I expect I will need to liquidate some or all of this investment in:		
a. 2 years or less	0 pts	
b. 2 to 5 years	5 pts	
c. 5 to 10 years	8 pts	
d. 10 years or more	10 pts	
3. My age group is		
a. Under 30	10 pts	
b. 30 to 44	9 pts	
c. 45 to 60	7 pts	
d. 60 to 74	5 pts	
e. 75 and older	1 pts	

	Points	Your Score
4. I am currently looking to invest money through:		
a. An IRA or other tax-deferred account	0 pts	
b. A fully taxable account	0 pts	
5. I have a cash reserve equal to 3 to 6 months expenses.		
a. Yes	10 pts	
b. No	1 pts	
6. My primary source of income is:		
a. Salary and other earnings from my primary occupation	7 pts	
b. Earnings from my investment portfolio	5 pts	
c. Retirement pension and/or Social Security	3 pts	
7. I will need regular income from this investment now or in the near future.		
a. Yes	6 pts	
b. No	10 pts	
8. Over the long run, I expect this investment to average returns of:		
a. 8% annually or less	0 pts	
b. 8% to 12% annually	6 pts	
c. 12% to 15% annually	8 pts	
d. 15% to 20% annually	10 pts	
e. Over 20% annually	18 pts	
9. The worst loss I would be comfortable accepting on my investment is:		
a. Less than 5%. Stability of principal is very important to me.	1 pts	
b. 5% to 10%. Modest periodic declines are acceptable.	3 pts	
c. 10% to 15%. I understand that there may be losses in the short run but over the long term, higher risk investments will offer highest returns.	8 pts	
d. Over 15%. You don't get high returns without taking risk. I'm looking for maximum capital gains and understand that my stocks or mutual funds can substantially decline.	15 pts	
10. If the stock market were to suddenly decline by 20%, which of the following would most likely be your reaction?		
a. I should have left the market long ago, at the first sign of trouble.	3 pts	
b. I should have substantially exited the stock market by now to limit my exposure.	5 pts	
c. I'm still in the stock market but I've got my finger on the trigger.	7 pts	
d. I'm staying fully invested so I'll be ready for the next bull market.	10 pts	
11. The best defense against a bear market is:	Points	Your Score
a. A defensive market timing system that avoids large losses.	4 pts	
b. A potent offense that will make big gains in the next bull market.	10 pts	

12. The best strategy to employ during bear markets is:

- | | |
|--|--------|
| a. Move to cash. It's the only safe hiding place. | 5 pts |
| b. Short the market and try to make a profit as it declines. | 10 pts |
| c. Wait it out because the market will eventually recover. | 8 pts |

13. I would classify myself as:

- | | |
|---|--------|
| a. A buy-and-hold investor who rides out all the peaks and valleys. | 10 pts |
| b. A market timer who wants to capture the major bull markets. | 7 pts |
| c. A market timer who wants to avoid the major bear markets. | 5 pts |

14. My attitude regarding trading activity is:

- | | |
|--|-------|
| a. Active trading is costly and unproductive. | 0 pts |
| b. I don't mind frequent trades as long as I'm making money | 2 pts |
| c. Occasional trading is okay but too much activity is not good. | 1 pts |

15. If the S&P 500 advanced strongly over the last 12 months, my investment should have:

- | | |
|--|--------|
| a. Grown even more than the market. | 10 pts |
| b. Approximated the performance of the broad market. | 5 pts |
| c. Focused on reducing the risk of loss in a bear market, even if it meant giving up some upside potential in the bull market. | 2 pts |

16. I have experience (extensive, some, or none) with the following types of investments.

	Extensive	Some	None
a. U.S. stocks or stock mutual funds	2 pts	1 pts	0 pts
b. International stocks or mutual funds	2 pts	1 pts	0 pts
c. Bonds or bond funds	1 pts	0 pts	0 pts
d. Futures and/or options	5 pts	3 pts	0 pts
e. Managed futures or commodity pools	3 pts	1 pts	0 pts
f. Real estate	2 pts	1 pts	0 pts
g. Private hedge funds	3 pts	1 pts	0 pts
h. Privately managed accounts	2 pts	1 pts	0 pts

17. Excluding my primary residence, this investment represents ___ % of my investment holdings.

- | | |
|-----------------|--------|
| a. Less than 5% | 10 pts |
| b. 5% to 10% | 7 pts |
| c. 10% to 20% | 5 pts |
| d. 20% to 30% | 3 pts |
| e. 30% or more | 1 pts |

TOTAL _____

Portfolio Planner Results

Add up your score. Then, follow the advice that corresponds to your score. When calculating your portfolio allocations, exclude real estate and other assets that you are unable or unwilling to sell. However, do include real estate and other assets that you are able and willing to liquidate for cash. Until you do sell them, estimate their approximate value. Then proceed to liquidate them in an orderly manner.

Under 58 pts — Very Conservative. You appear to be almost totally risk-averse, and capital preservation is your primary, or even sole, goal.

We believe that you should keep 100% of your funds in our “Mr. Conservative” portfolio.

58 to 77 pts — Conservative. Based on your responses, it is clear that you are more concerned about minimizing the risk to your principal than you are about maximizing your returns. We recommend about 90% of your investments in our Mr. Conservative Portfolio, with the balance available for more aggressive investments recommended in our Mr. Speculator portfolio. Two additional words of caution:

1. In our Mr. Speculator portfolio, focus strictly on our mutual fund recommendations — do not act on our recommended short positions.

2. Never invest more than you can afford to lose.

78 to 108 pts — Moderate. Judging from your responses, it appears you are prepared to take on some more risk in order to enhance your investment returns. We recommend about 70% of your investments in our Mr. Conservative Portfolio, with the balance available for more aggressive investments recommended in our Mr. Speculator. Two additional words of caution:

1. In our Mr. Speculator, focus mostly on our mutual fund recommendations — invest only modestly in our recommended short positions.

2. Never invest more than you can afford to lose.

Over 109 pts — Aggressive. Even though you are more willing to take risk, you can still benefit from the advice we give to conservative investors. We recommend at least half of your assets in our Mr. Conservative Portfolio and the balance divided among the more aggressive recommendations made in Mr. Speculator.