
**RETIREMENT PLAN
RISK QUESTIONNAIRE & MODEL
PORTFOLIO SELECTION**

INSTRUCTIONS: Complete these eight questions, total the POINT VALUE scores from questions 1 & 2 for your TIME HORIZON score, and questions 3 through 8 for your RISK TOLERANCE score and find the intersection of these scores on the scoring model.

TIME HORIZON SECTION

QUESTION #1 - Do you expect to begin withdrawing money (or borrowing) from your 401(k) account within the next 10 years? If so, how soon?

CHECK ONE Answer:

<u>Answers</u>	<u>Point Value</u>
<input type="checkbox"/> No	15
<input type="checkbox"/> Yes, within the next 2 years	0
<input type="checkbox"/> Yes, within the next 3-5 years	5
<input type="checkbox"/> Yes, within the next 6-7 years	7
<input type="checkbox"/> Yes, but not for at least 8-9 years	10

ENTER THE POINT VALUE FOR YOUR ANSWER: _____

QUESTION #2 - If and when you begin withdrawing (or borrowing) from your 401(k) account, over what period of time will the withdrawals last?

<u>Answers</u>	<u>Point Value</u>
<input type="checkbox"/> I will withdraw the entire account balance, all at once, for a specific goal	0
<input type="checkbox"/> Over a 1–3 year period, depleting most or all of the account	1
<input type="checkbox"/> Over a 4-7 year period, depleting most or all of the account	3
<input type="checkbox"/> For more than 7 years, depleting most or all of the account	5
<input type="checkbox"/> When I begin withdrawals, I expect to produce a continuous income stream without depleting the account	16
<input type="checkbox"/> I never plan to make withdrawals from this account	20

ENTER THE POINT VALUE FOR YOUR ANSWER: _____

ADD THE TOTAL POINT VALUE OF QUESTIONS #1 & #2 combined and ENTER HERE: _____

THIS IS YOUR TIME HORIZON SCORE TO BE USED LATER

RISK TOLERANCE SECTION

QUESTION #3- Inflation impacts the effective spending power of your money over time. To design an appropriate portfolio for you, we need to understand your attitude about the tradeoff between preserving spending power versus growing your assets after the effects of inflation. Portfolios that are likely to preserve or increase spending power over long periods of time though, have higher volatility over shorter time periods.

Which best describes your attitude about accepting short-term risk relative to long-term growth?

<u>Answers</u>	<u>Point Value</u>
_____ Long-term maximum growth, in excess of inflation, is my primary objective even though the short-term risk will be very high.	15
_____ Long-term growth, in excess of inflation, is my primary objective, but I am NOT willing to accept extreme short-term risk.	12
_____ I desire a moderate balance between growth, in excess of inflation, and short-term risk.	6
_____ My primary objective is to avoid short-term risk even though it is likely that there will be little or no long-term growth in excess of inflation.	0

ENTER THE POINT VALUE FOR YOUR ANSWER: _____

QUESTION #4- Investments that are likely to produce higher long-term average returns are also likely to have a greater chance of losing money. Also, for these types of investments, the magnitude of extreme losses increases as well. The table below demonstrates this trade-off between average return, the likelihood of losing money in any ONE YEAR, AND how extreme declines may be. Please select the portfolio that best balances these trade-offs between risk and return for you.

	Potential Average Return	Odds of Losing Money in Any ONE Year	Worst Return	Percent In Stocks
Portfolio A	11.5%	1 in 3.9	-40%	100%
Portfolio B	11.1%	1 in 4.1	-37%	90%
Portfolio C	10.6%	1 in 4.4	-33%	80%
Portfolio D	9.5%	1 in 5.2	-26%	60%
Portfolio E	8.6%	1 in 6.3	-20%	45%
Portfolio F	7.6%	1 in 7.9	-15%	30%

<u>Answers</u>	<u>Point Value</u>
_____ PORTFOLIO A	20
_____ PORTFOLIO B	18
_____ PORTFOLIO C	12
_____ PORTFOLIO D	8
_____ PORTFOLIO E	5
_____ PORTFOLIO F	-20

ENTER THE POINT VALUE FOR YOUR ANSWER: _____

QUESTION #5- Based on the information from the previous question, there is obviously a trade-off between risk and return. Which of the following best describes your attitude about this decision in balancing your desire to seek returns relative to the risk you can tolerate?

<u>Answers</u>	<u>Point Value</u>
_____ My primary goal is preservation of principal and risk avoidance. I will accept lower returns in an effort to avoid investment risk.	0
_____ I want to avoid risk, but will accept a relatively small amount to achieve a slightly higher return.	5
_____ I can tolerate a moderate amount of risk in an effort to achieve a moderate amount of growth.	10
_____ I want to achieve potentially high returns, and I am willing to accept the high amount of risk associated with this goal.	15

ENTER THE POINT VALUE FOR YOUR ANSWER: _____

QUESTION #6- To achieve your investment objectives, it is important that you continue with your strategy even in periods of severe short-term price swings (volatility) as well as prolonged down markets. If your portfolio fell by 20% over a short period, assuming you still had several years before you needed the money, how do you think you would respond?

<u>Answers</u>	<u>Point Value</u>
_____ I would not make any changes since I anticipated this sort of volatility.	15
_____ I would want to reconsider my portfolio allocation, but if the overall market decline for portfolios like mine were similar, I would likely stick to my strategy.	10
_____ I would want to reconsider my portfolio allocation and cautiously adjust my portfolio toward more conservative investments over time.	5
_____ I would immediately move my investments to very safe and conservative alternatives.	0

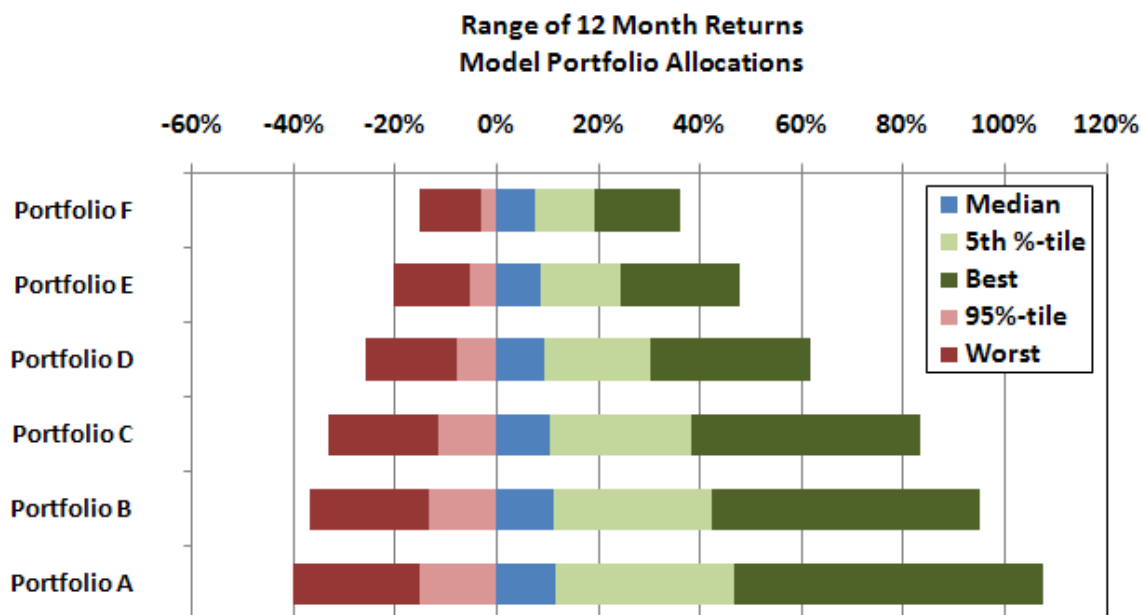
ENTER THE POINT VALUE FOR YOUR ANSWER: _____

QUESTION #7 - The following graph shows the potential range of results of six portfolios in any ONE year. The best potential return and worst potential return are represented along with the top and bottom 5th %-tiles and the median. Please note that the highest potential returns also have the greatest potential losses.

Which of these portfolios would you prefer to hold?

<u>Answers</u>	<u>Point Value</u>
_____ PORTFOLIO F	-20
_____ PORTFOLIO E	5
_____ PORTFOLIO D	8
_____ PORTFOLIO C	12
_____ PORTFOLIO B	18
_____ PORTFOLIO A	20

ENTER THE *POINT VALUE* FOR YOUR ANSWER: _____



QUESTION #8 - To summarize your objectives, which statement below best describes your overall attitude between the trade-off between short-term risk and the possibility of achieving your long-term investment goal?

<u>Answers</u>	<u>Point Value</u>
_____ I can accept short-term losses to maximize the potential I will achieve long-term investment goals.	15
_____ I am equally concerned with avoiding short-term losses and meeting my long-term investment goals.	8
_____ Avoiding short-term losses is more important to me than achieving my long-term investment goals.	5

ENTER THE POINT VALUE FOR YOUR ANSWER: _____

SCORING:

Risk Tolerance Scoring – Enter the POINT VALUES for the following questions:

Question #	Point Value
#8	_____
#7	_____
#6	_____
#5	_____
#4	_____
#3	_____

YOUR TOTAL RISK SCORE: _____

(add the point values of questions #3 through #8)

Enter Your TIME HORIZON SCORE (sum of point values from questions 1&2) FROM PAGE 2:

YOUR TIME HORIZON SCORE: _____

Find the Roman numeral that is at the *intersection* of your time horizon and risk scores.

OR SEE INSTRUCTIONS ON NEXT PAGE

Risk Tolerance Score			Time Horizon Score (Sum of #1 & #2)			
			< 7	7-12	13-20	>20
<		10	I	I	I	I
11	-	20	I	I	II	II
21	-	35	I	II	II	III
36	-	50	I	II	III	III
51	-	65	I	III	IV	IV
66	-	80	I	IV	IV	V
80	-	100	I	V	VI	VI

Portfolio #	I	II	III	IV	V	VI
Asset Allocation	Risk Averse	Balanced Income	Balanced	Balanced Growth	Growth	Aggressive Growth
U.S. Stocks	26%	39%	53%	71%	77%	85%
Foreign Stocks	4%	6%	7%	9%	13%	15%
Total Stock Exposure	30%	45%	60%	80%	90%	100%
Bonds	60%	50%	37%	18%	10%	0%
Cash Equivalents	10%	5%	3%	2%	0%	0%

SCORING MODEL & MODEL PORTFOLIOS

The scoring model and model portfolios are designed to help investors choose portfolios based on their time horizon and tolerance for risk. It does not include personal goals, priorities or other assets and you should consider contacting Wealthcare Capital Management at **1-866-261-0849** to speak with one of their Wealthcare Specialists to help you make better decisions about how your personal goals, choices and priorities fit into your overall financial situation. There is no additional charge for this service unless you wish to have them manage assets **OUTSIDE** of your Retirement Plan assets. Quarterly monitoring and consultation is included as well.

HOWEVER,

If you wish to use the scoring model, here is an example of how it works:

Assume **YOUR TIME HORIZON Score was 15**. That would mean you would be working with the green Time Horizon column of **13-20** because your score of 15 falls between **13-20**:

Risk Tolerance Score			Time Horizon Score (Sum of #1 & #2)			
			< 7	7-12	13-20	>20
<	10		I	I	I	I
11 -	20		I	I	II	II
21 -	35		I	II	II	III
36 -	50		I	II	III	III
51 -	65		I	III	IV	IV
66 -	80		I	IV	IV	V
80 -	100		I	V	VI	VI

Now, let's **assume your RISK TOLERANCE Score was 42**. That would mean you would be working with the pink risk tolerance row of **36-50** because 42 falls between **36-50**.

The correct model for these scores, based on the responses, would be Portfolio **III**- Balanced. It is the model that falls at the **intersection of the risk tolerance row and time horizon column**. Where do your scores place you? If you would like help, contact Wealthcare Capital Management at **1-866-261-0849** and their Wealthcare Specialists will be happy to assist you.