

# STEP 1

## What Kind of Investor are You?



### Finding Your Balance

Creating an investment mix is how you decide to allocate, or divide, your assets or investment dollars. This guide introduces you to three basic ingredients of any investment mix, helps you understand your feelings about risk, and enables you to review a sample investment mix based on your personal investor profile.

When making your investment decisions, you should consider the three factors below:

- Your risk tolerance—the amount of risk you can accept in order to obtain the returns you want.
- Your time horizon—the amount of time your money remains invested.
- Your investment goal—the amount of money you need to save to make your retirement dream a reality.

The risk tolerance quiz that follows helps you gain a general understanding of your feelings about risk. By determining your risk tolerance level, and considering how long you have to invest, you can begin to create your own personal investment mix.

- 1 **How many years do you have until retirement?**
  - a. Less than 5 (1 point)
  - b. 5 to 10 (2 points)
  - c. More than 10 (3 points)
- 2 **When it comes to investing, which of the following would best describe you?**
  - a. You don't know anything (1 point)
  - b. You know a lot (3 points)
  - c. You know a little (2 points)
- 3 **Do you think you can handle more risk if there's a chance, but no guarantee, that there will be bigger gains?**
  - a. Definitely (3 points)
  - b. Absolutely not (1 point)
  - c. Just not sure (2 points)
- 4 **When you think about investing, which of the following best describes your attitude?**
  - a. You worry about losing your money and are leaning toward safer investments. (1 point)
  - b. You wouldn't think twice about taking on higher risk, because you believe it's the only way to get a shot at significantly higher returns. (3 points)
  - c. You believe in taking your time and checking out all your options before making a decision. (2 points)
- 5 **Which of the following best describes your idea of a smart retirement savings strategy?**
  - a. Save as much as you can, don't take any chances and just hope you'll have enough. (1 point)
  - b. Be willing to accept the ups and downs for a chance at a higher return. (3 points)
  - c. Live with a little risk so you can at least beat inflation. (2 points)

**Total Your Points Here:**

### Scoring System

**Match your points to the sample investor profiles below. This will help give you a general feel for the type of investor you are and your tolerance for risk.**

**5 – 8: Conservative.** You're an investor who likes safety and stability for your money. But remember: Not having enough money when you retire is a big risk too! Keep in mind how much time you have until retirement, and the effect that inflation may have on your investments.

**9 – 12: Moderate.** You're an investor who likes some balance between lower-risk investments and higher-risk investments. Review your situation at least once a year to make sure you're still comfortable with how you're dividing up your money.

**13 or more: Aggressive.** You're an investor who's comfortable with taking on the higher risk associated with the chance for higher returns. Review your situation at least once a year, keep in mind how much time you have until retirement and don't be afraid to change things around later if you feel uncomfortable.

**Based on your score, you are**  
**a(n) \_\_\_\_\_ investor.**

# STEP 2

## Find Your Investment Mix



Find the asset allocation model below that matches your investment profile and circle it. You may wish to use this model as a starting point to create your own individual mix.

### Under 5 Years to Retire



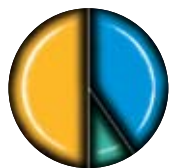
#### Conservative

- Cash 30%
- Bonds 50%
- Stocks 20%



#### Moderate

- Cash 20%
- Bonds 50%
- Stocks 30%



#### Aggressive

- Cash 30%
- Bonds 50%
- Stocks 20%

### 5-10 Years to Retire



#### Conservative

- Cash 20%
- Bonds 50%
- Stocks 30%



#### Moderate

- Cash 20%
- Bonds 40%
- Stocks 40%



#### Aggressive

- Bonds 30%
- Stocks 70%

### Over 10 Years to Retire



#### Conservative

- Cash 10%
- Bonds 40%
- Stocks 50%



#### Moderate

- Bonds 30%
- Stocks 70%



#### Aggressive

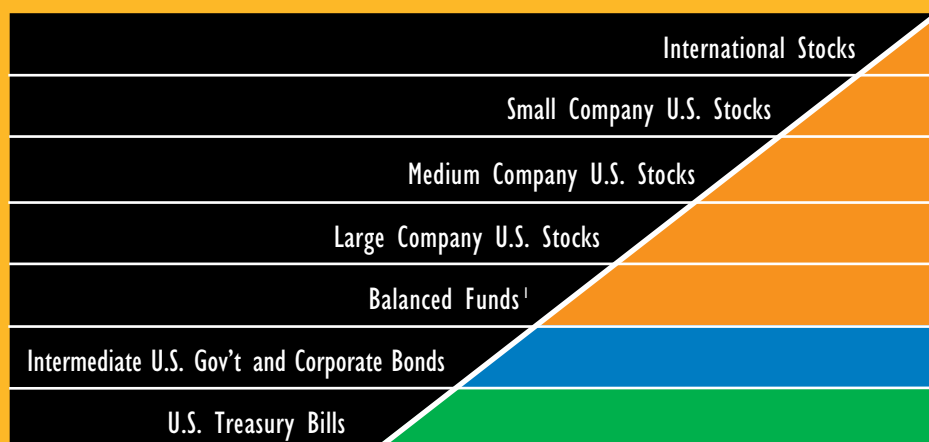
- Bonds 20%
- Stocks 80%

Source: Kmotion, Inc. Research

Allocations are examples only and should not be considered investment advice or as a recommendation of any specific investment product. Please consider your investment choices carefully and obtain and read the appropriate fund prospectuses before investing any money. You should choose your own investments based on your particular objectives and situations. Be sure to review your decisions periodically to make sure they are still consistent with your goals. You may wish to consult a financial advisor for more information.

## RISK vs. RETURN

Higher Risk/Return



<sup>1</sup> Balanced between 50% Large Company Stocks, 50% Intermediate U.S. Government Bonds. Balanced mutual funds are not necessarily 50/50.

Lower Risk/Return

### Big Picture Perspective

Asset class average annual returns for the 30 year period of 1/1/79 - 12/31/08:

- **Stocks** delivered an average annual return of 11.00%.
- **Bonds** delivered an average annual return of 8.65%.
- **Stable Assets** delivered an average annual return of 6.16%.
- **Inflation** has averaged 4.1%.

Source: Kmotion Research