



Innovative Solutions with  
**Traditional Values™**

# RISK TOLERANCE FORM

Address:  
12470 N. Rancho Vistoso Blvd.  
Suite 150  
Oro Valley, AZ 85755

Office:  
520.742.2234

Fax:  
866.434.0926

E-mail:  
Robert@BECKERBFS.COM



# RISK TOLERANCE FORM

Client's Name: \_\_\_\_\_ Spouse's Name: \_\_\_\_\_

Who is completing this form?  Client  Spouse  Both

If "Both", do you agree that this form might not truly reflect your individual investment risk?

Yes  No

1. What is the approximate value of this investment portfolio(s)? \_\_\_\_\_

2. What percentage of your total investments does this portfolio represent? \_\_\_\_\_

3. Please estimate the approximate percentage of your portfolio that is invested in each asset class. Include in it your approximation of the funds in your checking and savings accounts, taxable investments, 401(k) accounts, IRAs, and Keogh accounts.

- a. Cash and cash equivalents \_\_\_\_\_
- b. Bonds - Domestic \_\_\_\_\_
- c. Bonds - International \_\_\_\_\_
- d. Equities - US Large Cap \_\_\_\_\_
- e. Equities - US Small Cap \_\_\_\_\_
- f. Equities - International \_\_\_\_\_
- g. Equities - Emerging Markets \_\_\_\_\_
- h. Options and Futures \_\_\_\_\_
- i. Real Estate \_\_\_\_\_
- j. Other: \_\_\_\_\_

4. How would you describe your portfolio allocations (i.e. the relative amount held in each asset class ) over time? Select the answer below that is most accurate.

- My portfolio allocations have remained fairly consistent over time.
- My portfolio allocations have changed, but not dramatically, over time.
- My portfolio allocations have changed significantly over time.

5. If your portfolio allocations have changed over time, please check all of the applicable reasons for these changes.

- I have learned more about investments.
- I had a lifestyle change or I met a major financial goal (e.g. retirement).
- I was attempting to achieve superior returns through market timing.
- I did not have enough funds to invest in certain asset classes.
- I do not pursue an asset allocation policy.
- Other: \_\_\_\_\_

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6. Is there an immediate or near term (i.e. within 3-5 years) need for income from this portfolio(s)?  Yes  No

If yes, when and how much income after tax dollars per year?

I will need \_\_\_\_\_ in income in \_\_\_\_\_ years

7. Will significant cash withdrawals of principal and/or contributions be made over the next 3-5 years? If yes, attach a schedule.  Yes  No

8. Is this a taxable or partially taxable portfolio(s)?  Yes  No

If taxable, what rate should be used for planning purposes? \_\_\_\_\_

9. When will you need money from this portfolio?

- Short Term: Within 5 years  
 Intermediate: Within 5-10 years  
 Long Term: 10 years or more

10. My (our) goal for this portfolio is an annual return of: \_\_\_\_\_

11. The inflation rate we will use for planning purposes is: \_\_\_\_\_

12. For each of the following attributes, select a number from 1 to 5 that most closely matches your concerns and desires for your portfolio.

	Not very important			Extremely important	
	1	2	3	4	5
a. Maintaining principal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Outpacing inflation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Receiving current income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Growth of investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Aggressive growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Investment does not fluctuate greatly in value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Which one of the following two statements do you most agree with?

- I would rather be out of the stock market when it goes down than in the market when it goes up. (i.e. I cannot live with the volatility of the stock market.)  
 I would rather be in the stock market when it goes down than out of the market when it goes up. (i.e. I may not like the idea, but I can live with the volatility of the stock market in order to earn market returns.)

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14. Asset Class Constraints (OPTIONAL): If you wish to put a percentage limit or dollar limit on how much can be invested in a certain asset class, please indicate that here.

- a. Certificate of Deposit, Money Markets, Treasury Bills \_\_\_\_\_
- b. Intermediate Term (5-10 year) government bonds \_\_\_\_\_
- c. Intermediate Term (5-10 year) corporate bonds \_\_\_\_\_
- d. Intermediate Term (5-10 year) municipal bonds \_\_\_\_\_
- e. International bonds \_\_\_\_\_
- f. Large cap equities \_\_\_\_\_
- g. Small cap equities \_\_\_\_\_
- h. International equities \_\_\_\_\_
- i. Emerging market equities \_\_\_\_\_
- j. Real estate \_\_\_\_\_
- k. Other: \_\_\_\_\_

15. What percentage of your investments are you likely to need within 5 years? \_\_\_\_\_

16. Up to what percentage of your investments can be invested for the long term (over 10 years)? \_\_\_\_\_

17. Investment "risk" means different things to different people. Please rank the following statements from 1 (the statement that would worry you the most) to 4 (the statement that would worry you the least). Use each number only once.

- a. I would be very concerned if I did not achieve the return on my portfolio that I expected. (i.e. target rate of return) \_\_\_\_\_
- b. I would be very concerned if my portfolio was worth less in "real" dollars because of inflation. \_\_\_\_\_
- c. I would be very concerned with short-term volatility (i.e. if my portfolio dropped substantially in value over one year). \_\_\_\_\_
- d. I would be very concerned with long-term volatility (i.e. if my portfolio dropped in value over a long period of time (5 or more years)). \_\_\_\_\_

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18. Except for the "great depression," the longest time investors have had to wait after a market "crash" or a really bad market decline for their portfolio to return to its earlier value has been: 4 years for stock and 2 years for bond investments. Knowing this, and that it is impossible to protect yourself from an occasional loss, answer the following question:

**"If my portfolio produces a long term return that allows me to accomplish my goals, I am prepared to live with a time of recovery of..."**

- Less than 1 year
- Between 1 and 2 years
- Between 2 and 3 years
- Over 3 years

19. How often do you review your investments?

- Daily
- Weekly
- Monthly
- Quarterly
- Annually

20. Suppose that a growth mutual fund you have held for one year has lost 15% of its value, which is consistent with the performance of similar funds. What is your reaction?

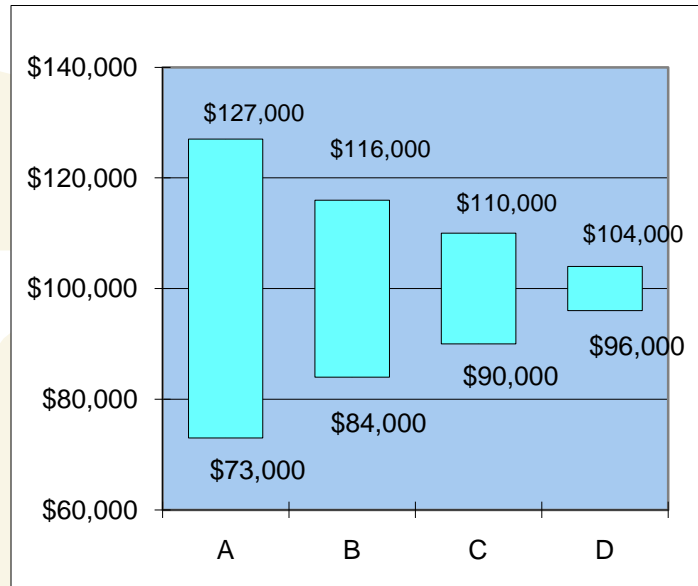
- I would probably be very upset and sell all my shares.
- I wouldn't be happy, but I would probably keep my shares.
- I would think it was peak buying opportunity and buy more shares.

21. You are on a game show and are given three choices. Which of the following would you choose?

- A one-in-five chance of receiving \$100,000 if I could guess which one of five possible boxes had the \$100,000 hidden in it.
- A guarantee \$10,000, combined with a 50/50 chance for an additional \$25,000 if I could guess which one of two possible boxes had the additional \$25,000 hidden in it.
- A guaranteed \$20,000.

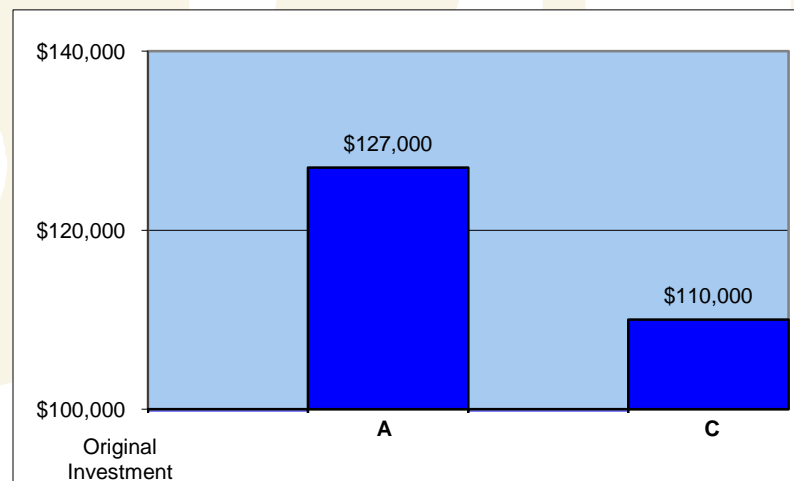
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22. The following chart shows the possible range of values for four different investments of \$100,000 after one year. Which investment would you be most comfortable owning?



A  B  C  D

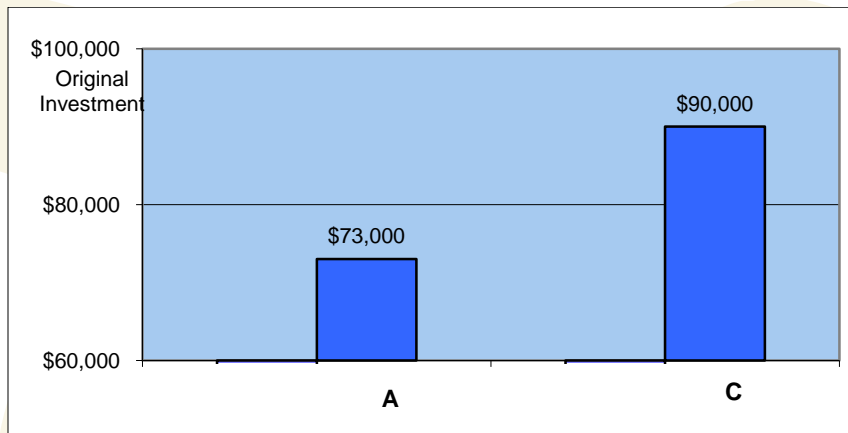
23. Now assume that your next door neighbor invested in A and you have invested in C. The long-term expectations are the same, but your relative portfolios today are as shown below. The financial media is full of bullish articles. Would you be frustrated that you were missing such great returns and switch from C to A?



Yes  No

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24. Now assume that your next door neighbor is still invested in A and you are still invested in C. The long-term expectations are the same, but your relative portfolios today are as shown below. Would you now switch from C to A?



Yes  No

### Acknowledgements

By signing this questionnaire you agree that you answered openly and honestly and that you understood the questions or if not, you obtained help from your representative to clarify the question to help you answer it to the best of your abilities. In addition, you understand that by completing this questionnaire it does not make or imply any guarantee regarding the attainment of your investment objectives. Please make BFS aware any changes in your personal or financial circumstances so we can act accordingly. Thank you.

Client's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Spouse's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Agent's Signature: \_\_\_\_\_

Date: \_\_\_\_\_