

## RISK TOLERANCE QUESTIONNAIRE

Everyone has different goals in life. Everybody makes different plans to achieve them. The investment plan that works for your friends or family may not be best for you. For this reason, Grinkmeyer and Leonard Wealth Management has created a Risk Tolerance Questionnaire to help you identify the amount of risk that is appropriate for you. Once your risk tolerance is determined, we can then help you build an investment portfolio that corresponds with your needs and goals.

Please answer the following multiple choice questions with the response that most accurately describes your attitude toward investing.

- |   | <b>Points</b> |
|---|---------------|
| <b>1. What is your objective for this account?</b>                                |               |
| a) Seeking maximum growth potential   | 4             |
| b) Achieving moderate to substantial growth                                       | 3             |
| c) Generating income and achieving slight growth                                  | 2             |
| d) Preserving initial investment  | 1             |
| <b>2. When do you expect to tap into your account?</b>                            |               |
| a) In less than 5 years   | 1             |
| b) In 6–10 years  | 2             |
| c) In 11–15 years   | 3             |
| d) In 16 or more years  | 4             |
| <b>3. Over the next 10 years, do you expect your income to:</b>                   |               |
| a) Increase considerably?   | 4             |
| b) Outpace inflation and grow steadily?   | 3             |
| c) Keep pace with inflation?  | 2             |
| d) Decline (due to raising children, retirement, slow economy, etc.)?             | 1             |
| <b>4. If the value of your account dropped suddenly by 30 percent, would you:</b> |               |
| a) Add to your investments to take advantage of low prices?                       | 4             |
| b) Do nothing and wait for the value to come back?                                | 3             |
| c) Transfer some of your money to more conservative investments?                  | 2             |
| d) Sell all of your investments and move to cash?                                 | 1             |
| <b>5. You can live off your current cash savings and investments for:</b>         |               |
| a) 0–3 months   | 1             |
| b) 4–6 months   | 2             |
| c) 7–12 months  | 3             |
| d) More than 1 year   | 4             |

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## Risk Tolerance Questionnaire continued

**6. How much risk are you willing to take to achieve a potentially higher return?**

- a) A lot of risk. You are not concerned with market fluctuations. 4
- b) Moderate risk. You understand the relationship between risk and reward. 3
- c) A little risk. You are concerned about significant market fluctuations. 2
- d) None. You are risk-averse. 1

**7. How knowledgeable do you consider yourself to be about economic issues, personal finance, and investing?**

- a) Very knowledgeable 4
- b) Somewhat knowledgeable 3
- c) Not very knowledgeable 2
- d) Virtually no understanding of the economy, personal finance, and investing 1

**Total Points:** \_\_\_\_\_

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

## What is your investor profile?

**7–10 points:** Conservative

**11–14 points:** Moderate Conservative

**15–18 points:** Balanced

**19–23 points:** Growth

**24–28 points:** Aggressive Growth

**Conservative:** Conservative investors seek to reduce short-term losses and to maintain a high level of portfolio stability. This type of portfolio typically seeks to provide a steady current income, while also investing in certain growth-oriented vehicles to keep pace with inflation. An example of a conservative investor might be a retiree or an individual very near retirement age.

**Moderate Conservative:** The primary objective of moderate conservative investors is to experience some growth while avoiding extreme fluctuations in the market. This type of portfolio typically seeks stability of principal, steady current income, and some growth. Again, an example of a moderate conservative investor might include a retiree or an individual very near retirement age.

**Balanced:** Balanced investors are long-term investors who are willing to accept some ups and downs in portfolio value over time. They tend to be less inclined than more growth-oriented investors to tolerate short-term fluctuations, however. This type of portfolio is typically balanced between equities (stocks) and bonds to provide more growth potential, as well as the potential for steady current income and stability of principal. An example of a balanced investor might be someone who is five to ten years from retirement.

**Growth:** Growth investors typically focus on long-term results. In return for the growth potential they seek, they accept the potential for increased portfolio risk and more significant market volatility over time. This type of portfolio typically has a greater allocation to equities (stocks) than the more conservative options above. An example of a growth investor might be a younger investor who, due to his or her long-term time horizon, can ride out short-term market fluctuations.

**Aggressive Growth:** An aggressive investor seeks maximum growth potential, which may or may not focus on the generation of current income. This long-term-oriented portfolio is typically invested almost entirely in equities/stocks, with a minimal cash position. It has historically offered the highest level of risk and potential return. An example of an aggressive investor might be a young investor who has no concern for short-term volatility and focuses solely on future growth potential.