

Risk Tolerance Quiz

A. If someone made me an offer to invest 15 percent of my net worth in a deal he said had an 80 percent chance of being profitable, the level of profit would have to be

1. No level of profit would be worth that kind of risk.
2. seven times the amount I invested.
3. three times the amount I invested.
4. at least as much as I have invested in the first place.

Points: _____

B. How comfortable would I be assuming a \$10,000 debt in the hope of achieving a \$20,000 gain over the next few months?

1. Totally uncomfortable--I would never do it.
2. Somewhat uncomfortable--I would probably never do it.
3. Somewhat comfortable--I might do it.
4. Very comfortable--I would jump at the chance to do it.

Points: _____

C. I am holding a lottery ticket that has gotten me to the finals, where I have a one in four chance of winning a \$100,000 prize. The least I would be willing to sell my ticket for before the drawing is

1. \$15,000.
2. \$20,000.
3. \$35,000.
4. \$60,000.

Points: _____

D. I have spent more than \$150 on one or more of these activities: Professional sports gambling, recreational betting on poker or basketball games I participate in, casino gambling.

1. I have never participated in any of these activities.
2. I have participated in these activities only a few times in my life.
3. I have participated in one of these activities in the past year.
4. I have participated in two or more of these activities in the past year.

Points: _____

E. Whenever I have to decide where to invest a large amount of money, I

1. delay the decision.
2. get somebody else (like my broker) to decide for me.
3. share the decision with advisers.
4. decide on my own.

Points: _____

F. If a stock I bought doubled in the year after I bought it, I would

1. sell all my shares.
2. sell half of my shares.
3. not sell any shares.
4. buy more shares.

Points: _____

G. Which of the following describes how I make my investment decisions?

1. Never on my own
2. Sometimes on my own
3. Often on my own
4. Always on my own

Points: _____

H. My luck in investing is

1. terrible.
2. average.
3. better than average.
4. fantastic.

Points: _____

I. My investments are successful mainly because

1. God is always on my side.
2. I was in the right place at the right time.
3. when opportunities arose, I took advantage of them.
4. I carefully planned them to work out that way.

Points: _____

J. I have a high-yielding certificate of deposit that is about to mature, and interest rates have dropped so much that I feel compelled to invest in something with a higher yield. The most likely place I will invest the money is

1. U.S. savings bonds.
2. a short-term bond fund.
3. a long term bond fund.
4. a stock fund.

Points: _____

TOTAL SCORE: _____

How to score yourself:

10-19 points: You are a conservative investor who feels uncomfortable taking any risk.

20-29 points: You are a moderate investor who feels comfortable taking moderate risks.

30-40 points: You are an aggressive investor who is willing to take high risks in search of high returns.