

# RISK TOLERANCE ASSESSMENT

Investing is inherently risky, so if you are considering placing your money in securities (stocks, bonds, mutual funds, ETFs, IRAs, 401(k)s etc.), you should start by determining how much risk you can bear. Each person deals with risk differently, so it's important to understand where you lie on the spectrum of risk appetite. This assessment will help you find an appropriate allocation for your current situation and risk tolerance.

## DIRECTIONS:

To take this assessment, write the score that is associated with your answer to each question in the field to the right. When you are done, add up the fields to get your total risk assessment number.

### HOW SOON WILL YOU START SPENDING THIS MONEY?

- A. 0-5 years (100)
- B. 6-10 years (150)
- C. 11-20 years (200)
- D. 21+ years (250)

YOUR SCORE:

### HOW WOULD YOU DESCRIBE YOUR LEVEL OF INVESTMENT EXPERIENCE?

- A. Minimal (1)
- B. Moderate (5)
- C. Extensive (10)

YOUR SCORE:

### HOW WOULD YOU DESCRIBE YOUR TOLERANCE FOR SHORT-TERM FLUCTUATIONS IN THE VALUE OF YOUR PORTFOLIO?

- A. Low (1)
- B. Moderate (5)
- C. High (15)

YOUR SCORE:

### WHICH OF THE FOLLOWING BEST DESCRIBES YOUR INVESTMENT OBJECTIVE?

- A. Preserve current value (1)
- B. Income (5)
- C. Growth and income (10)
- D. Growth (15)

YOUR SCORE:

YOUR TOTAL SCORE:

## RISK PROFILES:

Your risk profile will help you and your financial advisor determine how conservative or aggressive your portfolio should be.

## MATCH YOUR TOTAL SCORE TO ONE OF THE FIVE RISK PROFILES BELOW.

### 100-140 CONSERVATIVE SCORE

Those with a conservative risk profile are often new to investing, closer to retirement, and/or concerned about losing money. People in these situations aren't comfortable with volatile markets and therefore will want a more liquid and less risky portfolio that may include a higher proportion of certificates of deposit, money market accounts, and bonds to counteract potential volatility in stock investments.

### 141-180 MODERATE CONSERVATIVE SCORE

Someone with a moderate conservative score is slightly less risk-averse than those in the conservative category. They can stand a little less liquidity and may add a few more stocks to their portfolio while reducing the percentage of bonds, but they're still going to err on the side of caution with their investments.

### 181-220 MODERATE SCORE

If you have a moderate risk score, you are able to take some risk with your money but you would feel less comfortable with higher-risk stocks. You may be nearing retirement but you're not quite there yet. You will likely be more comfortable with an equal mixture of stocks and bonds.

### 221-260 MODERATE AGGRESSIVE SCORE

Moderately aggressive investors aren't afraid of risk. They may be younger and have a long time horizon for retirement. They also likely have more experience with investing and more money to invest. These investors tend to invest less in bonds and more in US and foreign stocks.

### 261-300 AGGRESSIVE SCORE

Aggressive investors tend to have experience and confidence with investing and money to invest. If you're an aggressive investor, you're looking for the highest return you can get and are willing to accept maximum risk as well.

Ready to speak with a financial advisor about investment options that meet your needs and risk profile? Schedule a no-cost, no-obligation consultation with a MEMBERS Financial Services advisor today.

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[www.vsecu.com](http://www.vsecu.com)  
802/800 371-5162

