QUESTIONNAIRE – PART III
Asset Allocation

Personal and Confidential

Client: _____   Date:_____

Asset Allocation Questionnaire[1]

This questionnaire will help guide you to a proper asset allocation for your retirement portfolio. This is only meant to be a guide. For each individual investor, there are many factors that cannot possibly be addressed in a generic questionnaire.

STEP1: Add up all of the money that you currently have saved for retirement. This should include 401(k), 403(b) plans, IRAs or any other accounts you are going to save for retirement. Write this number down here:

Current Retirement Savings _____   _____**A**

STEP 2: What are your annual living expenses?

Annual Living Expenses _____   _____**B**

STEP 3: At what annual rate do you expect your salary to grow for the foreseeable future?

Annual Salary Growth Rate_____   _____**C**

STEP 4: How much are you contributing (in dollars) to retirement plans or any other accounts you are planning to use for retirement? Include your contributions to all retirement plans and also include any matching contributions from your employer.

Annual Retirement Contributions _____   _____**D**

STEP 5: Ratio of Current Retirement Savings to Annual Living Expenses
Divide the figure in Step 1 by the figure in Step 2. For example, if you have $250,000 currently saved for retirement and your living expenses are $50,000, this ratio would be 5.

$$\frac{\text{Current Retirement Savings (\textbf{A})}}{\text{Annual Living Expenses (\textbf{B})}} = \text{_____}$$

STEP 6: Figure out how many years you have until retirement. For example, if you are 55 and plan to retire at 70, you have 15 years to retirement.

Years Until retirement = _____

STEP 7: SAVINGS-AGE SCORE (SAS)

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[1] Daniel R. Solin, *The Smartest Investment Book You'll Ever Read*, (New York: Perigee, 2006) Appendix A, 157-163.

On the matrix below, find the intersection of your years to retirement (found in the far left column) and your ratio of current retirement savings to annual living expenses (found across the top). Identify the number in this cell. This is your "Savings-Age Score" (SAS). To continue the example, if your ratio of current retirement savings to annual living expenses was 5 and you plan to retire in 15 years, your SAS would be 30.

SAS SCORE = _____

How many years before retirement?	Ratio of current retirement savings to annual living expenses											
	<1	1-2	2-4	4-6	6-8	8-10	10-12	12-14	14-16	16-18	18-20	>20
41 to 45 years	80	78	72	60	40	28	20	12	8	4	2	0
36 to 40 years	76	74	68	57	38	27	19	11	8	4	2	0
31 to 35 years	72	71	65	54	36	25	18	11	7	4	1	0
26 to 30 years	68	67	61	51	34	24	17	10	7	3	1	0
21 to 25 years	56	55	50	42	28	20	14	8	6	3	1	0
16 to 20 years	48	47	43	36	24	17	12	7	5	2	1	0
11 to 15 years	40	39	36	30	20	14	10	6	4	2	1	0
6 to 10 years	24	24	22	18	12	8	6	4	2	1	0	0
1 to 5 years	16	16	14	12	8	6	4	2	2	1	0	0
Retired	8	8	7	6	4	3	2	1	1	0	0	0

STEP 8: RATIO OF ANNUAL RETIREMENT CONTRIBUTIONS TO ANNUAL LIVING EXPENSES
Divide the Figure in Step 4 by the figure in Step 2. For example, if you contribute $5,000 per year to IRAs and your 401(k) (the $5,000 includes your employer's matching contributions) and your annual living expenses were $50,000, this number would be 10%.

$$\frac{\text{Annual Retirement Contributions (D)}}{\text{Annual Living Expenses (B)}} = \underline{\hspace{3cm}}$$

STEP 9: GROWTH CONTRIBUTION SCORE (GCS)

On the matrix below, find the intersection of your annual salary growth rate (found in the far left column) and your ratio of annual retirement contributions to annual living expenses (found across the top). Identify the number in this cell. This is your "Growth Contribution Score" (GCS).

GCS SCORE = _____

Annual Growth of Current Salary	Ratio of annual retirement contributions to annual living expenses								
	0%	1-3%	3-5%	5-8%	8-10%	10-15%	15-20%	20-25%	>25%
8%+	15	15	14	11	8	5	4	2	2
5%-8%	14	14	13	11	7	5	4	2	1
3%-5%	14	13	12	10	7	5	3	2	1
1%-3%	13	12	11	10	6	4	3	2	1
0%-1%	11	10	9	8	5	4	3	2	1
0%	9	9	8	7	5	3	2	1	1

STEP 10: RISK ASSESSMENT SCORE (RAS)

Answer the following ten questions. Next to each answer for every question, there is a number. When you decide which answer is right for you, make note of the number next to the answer. Once you have finished all of the questions, add up these numbers. All of these numbers added together will give you your risk assessment score (RAS).

1. **In addition to your long-term investments, approximately how many of your current expenses do you have set aside in cash or money market funds for unexpected needs?**
   - **A.** 6 months 3
   - **B.** 4 months 2
   - **C.** 2 months 1
   - **D.** None 0

2. **How many years have you been investing in the stock market?**
   - **A.** None 0
   - **B.** Less than 1 year 1
   - **C.** More than 1 but less than 5 years 2
   - **D.** More than 5 but less than 10 years 3
   - **E.** 10 years or more 4

3. **I consider myself to be knowledgeable about investments and financial matters.**
   - **A.** Strongly agree 4
   - **B.** Agree 3
   - **C.** Somewhat agree 2
   - **D.** Disagree 1
   - **E.** Strongly disagree 0

4. **I want my investments to be risk-free.**
   Note: Investments with no or little risk have little or no expected return beyond the rate of inflation.
   - **A.** Strongly agree...**0**
   - **B.** Agree **0**
   - **C.** Somewhat agree...**1**
   - **D.** Disagree..**3**
   - **E.** Strongly disagree **4**

5. **I am willing to expose my investment portfolio to some degree of risk in order to increase the likelihood of higher returns.**
   - **A.** Strongly agree...**4**
   - **B.** Agree **3**
   - **C.** Somewhat agree...**2**
   - **D.** Disagree..**0**
   - **E.** Strongly disagree **0**

6. **I am comfortable with a portion of my portfolio being invested internationally.**
   - **A.** Strongly agree...**4**
   - **B.** Agree **3**
   - **C.** Somewhat agree...**2**
   - **D.** Disagree..**1**
   - **E.** Strongly disagree **0**

7. **When my portfolio declines, I begin to think about selling off some of my positions and reinvesting at some later date.**
   - **A.** Strongly agree...**0**
   - **B.** Agree **1**
   - **C.** Somewhat agree...**2**
   - **D.** Disagree..**3**
   - **E.** Strongly disagree **4**

8. **Some investors hold portfolios that consist entirely of stocks. Such investors lost approximately 20 percent of their portfolios in October 1987. If you owned a risky investment that fell by 20 percent over a very short period, what would you do?**
   - **A.** Sell all the remaining investment **0**
   - **B.** Sell 75% of the remaining investment............................**0**
   - **C.** Sell 50% of the remaining investment............................**1**
   - **D.** Sell 25% of the remaining investment............................**2**
   - **E.** Hold on to the investment **4**

9. **What is the worst twelve-month percentage loss you would tolerate for your long-term investments, beyond which you sell some or all of your investment?**

    A. 24%...**4**
    B. 16%...**3**
    C. 12%...**2**
    D. 8%...**1**
    E. Zero; any loss is unacceptable to me.......................................**0**

10. **Based on $100,000 invested since 1975, the following choices show the highest twelve-month gain and highest twelve-month loss of five different index portfolios. Which portfolio would you choose?**

    Note: The portfolios with the widest range between the loss and the gain also have higher average returns.

    A. Loss of $560; Gain of $23,500 ....**0**
    B. Loss of $5,100; Gain of $31,500 ....**1**
    C. Loss of $10,500; Gain of $42,400 ....**2**
    D. Loss of $15,700; Gain of $51,600 ....**3**
    E. Loss of $22,200; Gain of $63,100 ....**4**

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RAS SCORE = _____

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STEP 11: PORTFOLIO ALLOCATION SCORE (PAS) [SAS + GCS + RAS]

Add your Savings-Age Score (SAS), your Growth-Contribution Score (GCS) and your Risk Assessment Score (RAS). This number is your Portfolio Allocation Score (PAS). Find where your score lies in the distribution below. The matrix below gives you a range for the stock portion of your allocation. Your recommended percentage allocated to stocks in most cases would be in this range. Once you choose the percentage allocation to stocks, the remainder will be invested in bonds. Of the amount allocated to stocks, remember that 70 percent of that amount should be in U.S. stocks and 30 percent of that amount should be in international stocks.

<div align="right">

PAS SCORE = _____

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% Stocks		
PAS	**Upper Boundary**	**Lower Boundary**
80-120	90	70
70-79	80	60
60-69	70	50
50-59	60	40
40-49	50	30
30-39	40	20
20-29	30	10
10-19	20	0
0-9	10	0