



How to Determine The Amount of *Risk* For Your Savings.

Use this chart to determine if your *risk to safety* ratio is consistent with your age.
 (Use a plus or minus sign before all your answers)

Step 1

(Age) Choose only one

- Enter your age (nearest birthday) _____
- If married add both ages and divide by two _____

(Investment experience) Choose only one

- If widowed and spouse handled finances (add 5 points) _____
- Widowed & shared investment decisions equally (add 3 points) _____

(Current income) Choose only one of the next three

- Current company pension that meets my expenses (subtract 2 pts) _____
- Current pension meets 75% of living expenses (add 4 points) _____
- Current pension meets 50% or less or no pension (add 6 points) _____

(Current income) Choose only one of the next three

- Social security meets 75 or more of expenses (subtract 1 points) _____
- Social security meets 50% of expenses (add 4 points) _____
- Social security meets less than 50% of expenses (add 6 points) _____

(Liquid Asset Base Do Not Include Home) Choose only one

- Assets are greater than 750,000 (subtract 2 points) _____
- Assets are 500,000 to 750,000 (subtract 1 point) _____
- Assets less than 500,000 (add 3 points) _____

(Real estate) Choose only one

- I /we own our home mortgage free (subtract 2 points) _____
- I /we do not own a home or it is mortgaged (add 4 points) _____

(Attitude) Answer all

- I /we sometimes worry about running out of money. (add 3 points) _____
- When interest rates go down it concerns me/us. (add 1 point) _____
- When my investments lose money it concerns me/us. (add 2 points) _____
- When my investments lose money it's part of life. (subtract 1 point) _____
- It is important to me/us to live independently. (add 2 points) _____
- I/we feel comfortable living with our family (subtract 1 points) _____
- I/we had a least one relative that lived 'till 88 yrs of age (add 1 point) _____

Step 2

- Tally up the column and place answer in box #1

→ BOX # 1

100

Step 3 Take number from box 1 place here subtract from 100

— _____

Step 4 Place the answer in box #2. (This is the max. percentage of assets that may be in variable principal).

Box #2

Step 5 Take answer from box #2 and place in box #3 next to Variable Principal; . Take the answer from box #1 and place in box #3 next to (Guaranteed Principal) result will equal 100 %.

Box #3

Box #4

Your Savings should be:

_____ % Variable Principal*

_____ % Guaranteed Principal **

100 % Combined

Current investment weighting is:

_____ % Variable Principal *

_____ % Guaranteed Principal **

100% Combined

Step 6 Complete box #4 with your current information. If the amount of variable principal Box #4 is higher than it is in box #3 you need to readjust your asset mix to achieve more safety for your money.

Step 7 Once the risk level has been determined from above . The next step is determining the amount of risk within any variable principle accounts. This is usually done by using a **scatter chart** graph.

*** Examples of Variable Principal:**

Stocks, Mutual Funds, Variable Annuities, Bond Funds, Municipal Bonds, Government and Corporate Bonds, Reits (Note many Govt. bonds are safe if held to maturity but may have substantial loss/ or gain if interest rates have changed since purchase Also IRAs are included if invested in any of above

**** Examples of Guaranteed Principal:**

Savings Accounts, Money market accounts, CDs, Fixed Annuities, EE Bonds, H Bonds, I bonds, Equity Indexed Annuities, Also includes IRAs if invested in any of these accounts.

Any questions call Joe Zingone 1-888-714-1003 or email Joe@SeniorHelp.US