

## IDENTIFYING YOUR 401k INVESTMENT OBJECTIVES

The first step in identifying your investment objectives is to realistically decide how much risk you are willing – and able - to take? NOT HOW MUCH MONEY YOU WOULD LIKE TO MAKE!

### CONSIDER THIS:

In the last ten years portfolios (based on the Standard & Poor 500 Index) had an average loss of **-3.04%** per year.

In the last twenty years portfolios (based on the Standard & Poor 500 Index) had an average increase of **+6.08%** per year.

Think about those results when some tells you that he can make 12% a year!

---

Choose which of the following most accurately describes you. Keep in mind that as you get older your investments should become more conservative.

1. **Very Conservative:** You have enough money to retire comfortably as long as you don't lose what you have. It would be too upsetting to lose any of your money.

Upside/Downside Potential in any one year	Up 6% - Down 9%
5 Year Annual Average Upside/Downside	Up 4% - Down 6%

2. **Moderately Conservative:** You do not need to have a fast growing portfolio. You are not of a speculative nature. It does not make sense to you. **Slow, steady and sure** are important words to you.

Upside/Downside Potential in any one year	Up 11% - Down 17%
5 Year Annual Average Upside/Downside	Up 6% - Down 9%

# PortfolioStrategy

---

3. **Willing to take Moderate Risk:** You have a conservative streak but firmly believe that stocks will do better than bonds over the long term. You want your stocks to do somewhat better than the various benchmarks like the Dow Jones and Standard and Poor averages.

Upside/Downside Potential in any one year	Up 20% - Down 24%
5 Year Annual Average Upside/Downside	Up 8% - Down 12%

4. **Speculative:** You want your investments to grow as quickly as possible and are willing (and able) to risk losing a substantial part of your monies. You want the companies you invest in to have a reasonable chance of growing into large companies. You enjoy the excitement of taking chances.

Upside/Downside Potential in any one year	Up 35% - Down 45%
5 Year Annual Average Upside/Downside	Up 15% - Down 30%

5. **Very Speculative:** You want to double or triple your money in a very short time frame. You are OK if you lose it all. You like the action and think there is a pot of gold out there for the brave to capture.

Upside/Downside Potential in any one year	Up 45% - Down 60%
5 Year Annual Average Upside/Downside	Up 30% - Down 50%

**ONCE YOU HAVE DECIDED WHICH CATEGORY REPRESENTS YOU LOOK AT THE INVESTMENTS THAT ARE RIGHT FOR YOU AT**

**BUILDING YOUR PORTFOLIO**