

**MONEY PREFERENCES**

**RISK PROFILE QUIZ**

**MONEY PERSONALITY PROFILE**

## RISK PROFILE QUIZ

Please answer the following questions by circling your choice from the multiple choice answers provided. Please make your choices without altering the questions or answers in any way. **Choose ONLY ONE ANSWER PER QUESTION, please.**

Bicknell Capital Management will compute the results that can then be used to choose a suitable portfolio structure and to develop your written investment policy.

Person Taking Quiz \_\_\_\_\_

Date Quiz Taken \_\_\_\_\_

1. You invest \$10,000 in the stock market. Over the following month, your account drops to \$7,500 in an overall market correction. None of the fundamentals have changed. What would you do with your account?

- a. \_\_\_ Hold on until it recovers.
- b. \_\_\_ Sell out before it drops further.
- c. \_\_\_ Buy more to take advantage of the lower prices.

2. You invest \$10,000 in the stock market. Over the following month, your account jumps to \$13,000 in an overall market rise. None of the fundamentals have changed. What would you do with your account?

- a. \_\_\_ Sell out to take your profits.
- b. \_\_\_ Hold on until it goes higher.
- c. \_\_\_ Buy more before it goes higher.

3. It looks like the stock market could either double or drop by 50% over the next year. You have all of your money in a money market fund. What would you rather do?

- a. \_\_\_ Move all of your money into stocks.
- b. \_\_\_ Leave all of your money in the money market fund.
- c. \_\_\_ Put half into stocks and keep the other half in money market funds.

4. The apartment building where you live is being converted to condominiums. Similar condos are renting for \$1,250 per month and selling for \$130,000 after commissions and expenses, and it often takes up to 6 months to sell a unit in the current market. You can buy your unit for \$100,000 but you would have to borrow \$20,000 for the down payment. The payments on the mortgage and the down payment loan plus association fees would be \$1,000 per month. You also have the option to sell the right to buy your unit to someone else for \$8,000 cash. You have decided you don't want to stay. What would you do?

- a.  Sell the option for \$8,000.
- b.  Buy the unit and sell it.
- c.  Buy the unit and make it a rental property.

5. You inherit your grandmother's mortgage-free house. The house is rundown and in disrepair but located in an established, desirable neighborhood where, historically, houses have appreciated faster than inflation. The monthly taxes, insurance and utilities are about \$200. You could rent it "as is" for \$750 per month or sell it for \$80,000. If you would invest \$15,000 in fixing it up, you could rent it for \$1,100 or sell it for \$110,000. What would you do?

- a.  Sell the house as is.
- b.  Rent it as is.
- c.  Fix it up and sell it.
- d.  Fix it up and rent it.

6. You work for a fast-growing privately-held technology company. The owners are making a one-time offer to sell employees stock. The shares will pay no dividends. You will not be able to sell your shares until the company goes public in 3 to 5 years. If the company continues to grow at the same rate, the shares could trade for 15 or 30 times what you would pay for them. How much would you invest?

- a.  Zero.
- b.  1 month's pay.
- c.  6 month's pay.
- d.  A year's pay.

7. Your father and several of his close friends who are professional oil and gas executives are excited about drilling an exploratory oil well on a very promising lease. Initial estimates indicate a potential return of 120% per year for up to 20 years. A dry hold would mean a complete loss. A realistic estimate of the probability of success is 25%. Your father lets you know that you can invest with him in this project. How much would you commit?

- a. \_\_\_Zero.
- b. \_\_\_1 month's pay.
- c. \_\_\_6 month's pay.
- d. \_\_\_A year's pay.

8. Your well-connected uncle tells you he has a "strong hunch" that a big-time land developer is looking at the farm next to his. You talk to the owner who offers to sell you an option to buy a parcel of the land with road frontage. The option would cost \$8,000 for the chance to make about \$40,000 within a year. Would you buy the option?

- a. \_\_\_Yes.
- b. \_\_\_No.

9. You are a finalist in a sweepstake. You have 4 options; which would you take?

- a. \_\_\_A check for \$5,000 (20th place).
- b. \_\_\_A 50 percent chance at winning \$15,000 (10th place).
- c. \_\_\_A 20 percent chance at winning \$75,000 (2nd place).
- d. \_\_\_A 5 percent chance at winning the \$400,000 grand prize.

10. Precious metals, real estate and money market funds are expected to keep pace with inflation. Long-term Treasury Bonds do not keep pace with inflation but pay a guaranteed return with complete safety of principal. Your assets are now all in long-term Treasury Bonds. Even though inflation is low now, your long term projections show that inflation could easily ignite. What would you do?

- a. \_\_\_Keep the Treasury Bonds.
- b. \_\_\_Put half in money market funds and the other half in gold and real estate.
- c. \_\_\_Put everything into gold and real estate.
- d. \_\_\_Put all you have into gold and real estate and borrow money to buy more hard assets.

11. You are down \$200 in a friendly poker game. You started with \$500; how much more are you prepared to lose to have a chance to win back the \$200 and possibly get ahead by another \$500?

- a.  Zero.
- b.  \$100.
- c.  \$200.
- d.  \$300.
- e.  Whatever it takes.

12. I believe investing in stocks is a "crap shoot", more luck than skill.

- a.  Absolutely.
- b.  Probably.
- c.  Not sure.
- d.  Probably not.
- e.  Absolutely not.

13. I prefer investments that offer guaranteed returns and stability, even if it means lower returns.

- a.  Absolutely.
- b.  Probably.
- c.  Not sure.
- d.  Probably not.
- e.  Absolutely not.

14. I prefer the stocks of companies that are breaking new ground versus the old line blue chips.

- a.  Absolutely.
- b.  Probably.
- c.  Not sure.
- d.  Probably not.
- e.  Absolutely not.

15. If I were selecting an investment for my newborn child's college education fund, I would choose:

- a. \_\_\_ Treasury Bonds.
- b. \_\_\_ Investment-grade corporate bonds.
- c. \_\_\_ High yield, lower-quality corporate bonds.
- d. \_\_\_ Diversified portfolio of stocks.
- e. \_\_\_ Precious metals.

16. I prefer a lower guaranteed yield over a higher potential return that I can't be sure of.

- a. \_\_\_ Absolutely.
- b. \_\_\_ Probably.
- c. \_\_\_ Not sure.
- d. \_\_\_ Probably not.
- e. \_\_\_ Absolutely not.

17. Long-term investments offer the best means of achieving lifetime goals. I must accept ups and downs in both income and principal value to get a return that will outpace inflation and taxes.

- a. \_\_\_ Absolutely.
- b. \_\_\_ An acceptable return requires only moderate exposure to market swings.
- c. \_\_\_ Good timing and wise choices should avoid almost all of the downside of the markets.
- d. \_\_\_ Minor fluctuations in yield are acceptable but principal must be preserved at all costs.
- e. \_\_\_ Absolutely not.

18. How much yearly downward fluctuation of principal could you accept in a long-term investment strategy?

- a. \_\_\_ The principal value can never decline.
- b. \_\_\_ 5-10%
- c. \_\_\_ 10-15%
- d. \_\_\_ 15-25%
- e. \_\_\_ 25-35%

19. What is an "acceptable" long-term investment return by your definition.

- a. \_\_\_ The highest return available in government guaranteed bonds.
- b. \_\_\_ Inflation plus 2%.
- c. \_\_\_ Inflation plus 6%.
- d. \_\_\_ Inflation plus 9%.
- e. \_\_\_ Inflation plus 12%.

20. How much of your assets should be easily convertible into cash for emergencies and flexibility?

- a. \_\_\_ 0%
- b. \_\_\_ 3 months of regular expenses
- c. \_\_\_ 6 months of regular expenses
- d. \_\_\_ 1 year of regular expenses
- e. \_\_\_ 100%

21. How long is your investment time horizon?

- a. \_\_\_ 1-3 years
- b. \_\_\_ 3-7 years
- c. \_\_\_ 7-15 years
- d. \_\_\_ 15-30 years
- e. \_\_\_ Longer than 30 years

22. Which phrase best describes your feelings about investing?

- a. \_\_\_ I know what I'm doing. When I find a good deal, I invest to win big..
- b. \_\_\_ I always hedge my bets by spreading my assets among a large number of investments.
- c. \_\_\_ I would rather lose small than win big. I look for guarantees and protection.
- d. \_\_\_ When I see things changing, I move my money. Timing is everything.
- e. \_\_\_ I don't know enough about investments to manage my own money.
- f. \_\_\_ I don't want to bother with the details, I would rather hire someone to do it for me.

23. From the Return / Risk Preference chart below, choose the blend of T-Bills and Stocks which correspond to the Long-Term Return and One Year Downside that you would be comfortable with in your portfolio.

<u>% T-Bills</u>	<u>% Stocks</u>	<u>Long-Term Return</u>	<u>One Year Downside</u>	<u>( X )</u>
100%	0 %	4.5 %	2.5 %	_____
90%	10 %	5.3 %	-0.6 %	_____
80 %	20 %	6.0 %	-3.6 %	_____
70 %	30 %	6.8 %	-6.7 %	_____
60 %	40 %	7.5 %	-9.7 %	_____
50 %	50 %	8.3 %	-12.8 %	_____
40 %	60 %	9.0 %	-15.8 %	_____
30 %	70 %	9.8 %	-18.9 %	_____
20 %	80 %	10.5 %	-21.9 %	_____
10 %	90 %	11.3 %	-25.0 %	_____
0 %	100 %	12.0 %	-28.0 %	_____

## MONEY PERSONALITY PROFILE

Please answer the following questions by circling your choice from the multiple choice answers provided. Please make your choices without altering the questions or answers in any way. **Choose ONLY ONE ANSWER PER QUESTION, please.**

Bicknell Capital Management will compute the results and discuss them with you. Spouses are encouraged to work with each other to determine how their money personalities blend and how to work most effectively together to reach family financial goals.

Person Taking Quiz \_\_\_\_\_

Date Quiz Taken \_\_\_\_\_

1. If unexpectedly, \$20,000 came to you, what would your first impulse be?
  - a. \_\_\_\_ I'd spend it on things I really want, including gifts for others.
  - b. \_\_\_\_ I'd put it in my savings account.
  - c. \_\_\_\_ I'd feel so overwhelmed, I'd put off making decisions about it for quite a while.
  - d. \_\_\_\_ I'd try to invest it to make the biggest profits possible.
  - e. \_\_\_\_ I'd give most of it away, and use it to make the world a better place.
  
2. When it comes to dealing with my money, I tend to:
  - a. \_\_\_\_ Make sure that it never influences my life choices.
  - b. \_\_\_\_ Enjoy spending it on gifts for myself and others, and on things which give me immediate pleasure.
  - c. \_\_\_\_ Worry about it a lot, and strategize how to make more and more of it.
  - d. \_\_\_\_ Hold onto it, and enjoy thinking about the security that provides.
  - e. \_\_\_\_ Try not to think about it, and hope it will take care of itself.
  
3. My goals about my money are:
  - a. \_\_\_\_ To save enough of it now to never have to worry about my old age.
  - b. \_\_\_\_ Unclear to me.
  - c. \_\_\_\_ To have enough of it now to insure that I can buy whatever I want.
  - d. \_\_\_\_ If I end up having more than I need, I'd give it away.
  - e. \_\_\_\_ To make as much of it as possible, as quickly as possible.

4. When it comes to following a budget:

- a. \_\_\_\_ I rework my budget often to figure out ways to have more money to spend and save.
- b. \_\_\_\_ I enjoy following mine closely.
- c. \_\_\_\_ I take pride in living simply enough that I've never needed one.
- d. \_\_\_\_ I hate the word budget: I prefer a "spending plan"!
- e. \_\_\_\_ I don't have a budget and never want one. My money will take care of itself.

5. When it comes to spending money:

- a. \_\_\_\_ When unexpected things come up, I hope I'll have enough money to get what I need.
- b. \_\_\_\_ I enjoy spending money, as long as I keep accumulating it at the same time.
- c. \_\_\_\_ I'd rather save my money than spend it. Spending money makes me nervous.
- d. \_\_\_\_ I don't follow where my money goes, and I don't want to. I focus on more important aspects of my life.
- e. \_\_\_\_ I tend to spend all I have.

6. When it comes to keeping financial records:

- a. \_\_\_\_ I keep reworking my records, to figure out ways to make more money, or to make my money work better for me.
- b. \_\_\_\_ I'm not even sure which records I should be keeping.
- c. \_\_\_\_ I enjoy keeping careful records.
- d. \_\_\_\_ I keep some records, I have trouble organizing them and finding them.
- e. \_\_\_\_ I don't keep records, I hate to spend my time this way.

7. When it comes to saving money:

- a. \_\_\_\_ I know I ought to be saving money: I never seem to get around to it.
- b. \_\_\_\_ I enjoy saving money in large amounts. I spend a lot of time and energy thinking about how to save more.
- c. \_\_\_\_ I have trouble saving money. Sometimes, this bothers me.
- d. \_\_\_\_ I only save for absolute necessities.
- e. \_\_\_\_ Saving is natural to me. I am regular and consistent about it.

8. When it comes to borrowing money:

- a. \_\_\_\_ I try not to borrow money. When I have, I find it hard to remember where I am in paying it back.
- b. \_\_\_\_ I try to never borrow money from others.
- c. \_\_\_\_ I'm willing to borrow large amounts if it will help me make more, I worry about amassing debt if the profits don't show up quickly.
- d. \_\_\_\_ I've borrowed money a fair amount. I'm pretty casual about paying it back.
- e. \_\_\_\_ I borrow only for absolute necessities.

9. When it comes to lending money:

- a. \_\_\_\_ I'm pretty generous. I don't worry too much about when I'll get it back.
- b. \_\_\_\_ People tend not to ask me for money; that suits me fine.
- c. \_\_\_\_ I wouldn't mind lending money. People hardly ever ask me.
- d. \_\_\_\_ I try never to lend money. When I do, I expect to be paid back promptly.
- e. \_\_\_\_ I don't mind lending money, if I get a good interest rate. I also worry about getting it back on time.

10. When it comes to using credit cards:

- a. \_\_\_\_ I prefer not to have credit cards at all. If I have one, I use it as little as possible.
- b. \_\_\_\_ I tend to use credit cards a lot. I pay the minimum payment.
- c. \_\_\_\_ I don't mind charging large amounts, as long as I can pay them off quickly. I think about my credit card bills a lot.
- d. \_\_\_\_ I don't notice much about the status of my credit cards. I often forget to pay even the monthly minimum until I get a warning notice.
- e. \_\_\_\_ I have always tended to avoid using credit. I prefer paying by cash or check.

11. When it comes to providing for emergencies:

- a. \_\_\_\_ I don't have enough saved to provide for emergencies. I just hope for the best.
- b. \_\_\_\_ I have no money set aside for emergencies. I almost never think about it.
- c. \_\_\_\_ I keep thinking that I'll have enough to start saving for emergencies. I still worry about them!
- d. \_\_\_\_ Actually, I've put aside a sizeable amount for emergencies. I still worry about them!
- e. \_\_\_\_ I try to save regularly for an emergency fund.

12. When it comes to paying my taxes:

- a. \_\_\_\_ I'm always surprised at how much money I owe every year. I scramble to sloppily get together some minimal records, just to get the taxes done.
- b. \_\_\_\_ I save regularly for taxes. I have them done most years well in advance of April 15th.
- c. \_\_\_\_ I hate focusing on taxes. I try to get it done with as little fuss as possible.
- d. \_\_\_\_ I have trouble saving for taxes and doing my taxes. I feel strapped every year before April 15th.
- e. \_\_\_\_ I take pride in having more assets and paying lower taxes every year, if I can.

13. How much income would you need to make each year to feel totally satisfied?

- a. \_\_\_\_ A few thousand more than I'm making now would be largely sufficient.
- b. \_\_\_\_ Increasing my earnings by a large amount every year is what satisfies me-- \$50,000 a year more would be nice!
- c. \_\_\_\_ I suppose I could always use more money. I have no idea how much more!
- d. \_\_\_\_ I feel pretty satisfied with what I make right now. A big increase would make me feel uncomfortable.
- e. \_\_\_\_ At least \$10,000 to \$20,000 more than I'm making now.

14. When it comes to investing in the stock market, I tend to:

- a. \_\_\_\_ I enjoy investing in the stock market. I like to diversify to maximize my profits.
- b. \_\_\_\_ I don't think about investing very often. If I did, I'd want someone else to make those decisions for me.
- c. \_\_\_\_ When I do invest, I choose "safe" and conservative investments.
- d. \_\_\_\_ I'm not an expert at investing. I think it would be fun to invest in more speculative stocks with the possibility of a high rate of return.
- e. \_\_\_\_ I would hardly ever consider investing. If I did, I'd prefer socially responsible investments.

15. When you want a certain item and it's not within your budget, what would you tend to do?
- a. \_\_\_\_ I'd either decide I don't really want it, or buy it and figure out how to pay for it later.
  - b. \_\_\_\_ If I wanted it, I'd buy it. I always figure out a way to pay for it.
  - c. \_\_\_\_ I'd buy it, whether I could afford it or not.
  - d. \_\_\_\_ Most of the things I want are not expensive luxury items so I can afford them. If I did want something outrageous, I might buy it. It would make me feel very uncomfortable.
  - e. \_\_\_\_ If it was important enough to me, I'd figure out how to adjust my budget to afford it. If it wasn't that important, I'd forget about it.
16. When you're feeling down in the dumps, spending money:
- a. \_\_\_\_ Is the last thing I'd do. Putting some more money in savings might cheer me up.
  - b. \_\_\_\_ Always cheers me up.
  - c. \_\_\_\_ Would just make me feel worse. Spending money has nothing to do with happiness.
  - d. \_\_\_\_ Is not what I think about to cheer me up.
  - e. \_\_\_\_ In large amounts, and hatching plans to make more money would cheer me up.
17. Under what circumstances, would you take (or have you taken) a bank loan?
- a. \_\_\_\_ I'd borrow money to pay off debts, for vacations, or to buy something I really wanted.
  - b. \_\_\_\_ I've never borrowed money (except maybe for my education). I never want to.
  - c. \_\_\_\_ I'd borrow money to set up or expand a business, or to invest in something which would yield a high return.
  - d. \_\_\_\_ I'd try never to borrow money. If I had to, it would be for absolutely necessary home improvements, or to increase my future security.
  - e. \_\_\_\_ The only reason I'd borrow money would be for medical emergencies, or in unforeseen circumstances.

18. When do you worry about money?

- a. \_\_\_\_ Money is the last thing in the world I worry about. I worry about important things!
- b. \_\_\_\_ I worry about money a little all the time. I do all I can to manage it well.
- c. \_\_\_\_ I worry about money constantly. It's the main thing I worry about!
- d. \_\_\_\_ I don't worry about money, until financial crises strike.
- e. \_\_\_\_ I don't worry about money, I just enjoy spending it!

19. How confident are you that you have provided for your future security?

- a. \_\_\_\_ I am quite concerned that I won't have enough money in my future. It's been so hard to save anything.
- b. \_\_\_\_ I have such a hard time thinking about money at all, that all I can do is hope that the future will take care of itself!
- c. \_\_\_\_ I don't think about the future much. Since I seem to have a lot of money at my disposal, the future will probably be fine.
- d. \_\_\_\_ Considering how systematic I've been about saving for the future, I feel reasonably confident about it.
- e. \_\_\_\_ I don't think about the future in financial terms. I have more important concerns, such as my quality of life in the future.

20. If you won a million dollars in the lottery, what would be your first reaction?

- a. \_\_\_\_ I'd feel guilty, thinking about the starving masses who have nothing.
- b. \_\_\_\_ I'd feel shocked, a little overwhelmed, and secretly, very relieved that my future was now secure.
- c. \_\_\_\_ I'd be totally overwhelmed. I would have no idea how to handle it.
- d. \_\_\_\_ I'd be very happy and pleased. I would immediately start thinking about how I could make it grow and enjoy myself at the same time.
- e. \_\_\_\_ I'd be excited as I could be, realizing that I could buy anything I want from now on!