

Retirement Planning

What are Your Investment Preferences?

Consider each pair of words below as a continuum. Place an "x" on each line of the continuum to indicate how important each of these features is to you. Marking the middle of a line would therefore mean that the features were of equal importance.

- Low risk (Safety) _____|_____ High risk
- Low rate of return _____|_____ High rate of return
- Low capital growth _____|_____ High capital growth
- High capital preservation _____|_____ Low capital preservation
- Not very liquid _____|_____ Highly liquid
- Short-term maturity _____|_____ Long-term maturity
- Taxable _____|_____ Tax exempt
- No minimum investment _____|_____ High minimum investment
- Low costs and fees _____|_____ High costs and fees
- Little or no management required _____|_____ Much management required
- Present income _____|_____ Capital growth
- Conservative _____|_____ Aggressive

Review your responses carefully.

Check for inconsistencies in the preferences you have indicated. (For example, do you prefer things that are unlikely to come together, e.g., low risk and high return?) Work to understand and resolve inconsistencies and differences in order to assure that your overall investment strategies and asset allocation are consistent with both your needs and your preferences.

Prepared by Laura Connerly. Adapted from: Hogarth, Jeanne and Swanson, Josephine (1987). TOPICs, Investment basics, Cornell University, 1987.