

Date: \_\_\_\_\_

Name: \_\_\_\_\_

**Measuring Financial Literacy**

Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow: **more than \$102, exactly \$102, less than \$102?**

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy: **more than, exactly the same as, or less than today with the money in this account?**

**Do you think that the following statement is true or false?** 'Buying a single company stock usually provides a safer return than a stock mutual fund.'

# What Is Your Personal Investment Profile?

1. **How long do you have before you will need to withdraw money for retirement?**  
A. Less than 1 yr B. 1-3 yrs C. 4-7 yrs D. 8-15 yrs E. More than 15 yrs
2. **How often do you check the financial news or market performances?**  
A. Never B. Occasionally C. Once a month D. Once a week E. Every day
3. **What's the most you're prepared to lose within a one-year period in exchange for the possibility of more long-term growth in your investments?**  
A. Nothing B. Less than 5% C. Between 5% & 10% D. Between 10% & 25% E. More than 25%
4. **How long would you wait before selling investments which have not performed as you expected?**  
A. Less than a year B. 1-2 years C. 2-3 years D. 4-5 years E. Over 6 years
5. **How long can your expenses be met with your current investments and savings?**  
A. Less than 3 months B. 3 months to 1 year C. 1-3 years D. 3-5 years E. More than 5 Years
6. **What is your current investment portfolio like (not counting your home)?**  
A. CDs, Money Mkts. B. Treasuries, CDs C. Bonds, Annuities D. Stocks, Bonds E. Real Estate, Stocks
7. **What is your investment knowledge and experience?**  
A. None B. Some C. Average D. Somewhat high E. High
8. **What are your feelings about the future, economically?**  
A. Pessimistic B. Concerned C. Unsure D. Good E. Optimistic

# Risk ~ Return Trade-Off

*The greater the risk...*

*...the greater the potential reward*

