# Investment Policy Questionnaire

CLIENT: _____

Date:_____

SECURE INVESTMENT
MANAGEMENT

# SECURE INVESTMENT MANAGEMENT, LLC
# Investment Policy Questionnaire

## Introduction:

- The following series of questions are designed to develop a better understanding of your tolerance for capital market and longevity risk.
- Understanding your tolerance for these risks relative to your investment return expectations is an important first step in designing a portfolio.
- The answers you select will indicate your comfort level with capital market and longevity risk, as well as your ability and willingness to accept it.
- Please carefully consider each question and select the answer that most closely fits your current situation.
- Consultation with your Financial Advisor while filling out this form is key to developing a recommended portfolio that fits your comfort level and is appropriate in reaching your financial goals.

## Instructions for completing this form:

- Please check the box next to the appropriate answer for each question in this investment policy questionnaire.
- You will notice that for most of the questions, there are points assigned to the answer selected. The assigned points for each answer appear in red to the left of the check box. These points will sum to your total risk score.
- After the conclusion (page 9), please add up the selected points based on your answers to each applicable question. Please do not forget to include the points assigned to your appropriate total asset range on page 1. After adding up the points, please compare your total score with the investment objective ranges on page 10. This is the investment objective that is consistent with your responses.

Date: _____ Financial Advisor_____

## Family Information

Client$_1$ Name: _____ _____
*First M Last Birthdate*

Client$_2$ Name: _____ _____
*First M Last Birthdate*

Address: _____ (_____)_____
*Street City/St Zip Code Telephone*

MobileTelephone:(___)_____ E-Mail:_____

**Total Assets:** $_____

9 ☐ A. $2,000,000+
7 ☐ B. $800,001 - $2,000,000
5 ☐ C. $100,001 - $800,000
3 ☐ D. Below $100,000

**Assets Considered for Investment:** $_____

**Current Applicable Personal Tax Rates:**
Federal Income Tax Rate: _____%
State Income Tax Rate: _____%
Dividend Tax Rate: _____%
Long-Term Capital Gains Tax Rate: _____ %

**Please specify the type of account(s):**

Account 1:
☐ A. Taxable, Individual
☐ B. Taxable, Joint
☐ C. Tax-Deferred, Individual
☐ D. Trust (type):_____

Account 2:
☐ A. Taxable, Individual
☐ B. Taxable, Joint
☐ C. Tax-Deferred, Individual
☐ D. Trust (type):_____

Account 3:
☐ A. Taxable, Individual
☐ B. Taxable, Joint
☐ C. Tax-Deferred, Individual
☐ D. Trust (type):_____

Account 4:
☐ A. Taxable, Individual
☐ B. Taxable, Joint
☐ C. Tax-Deferred, Individual
☐ D. Trust (type):_____

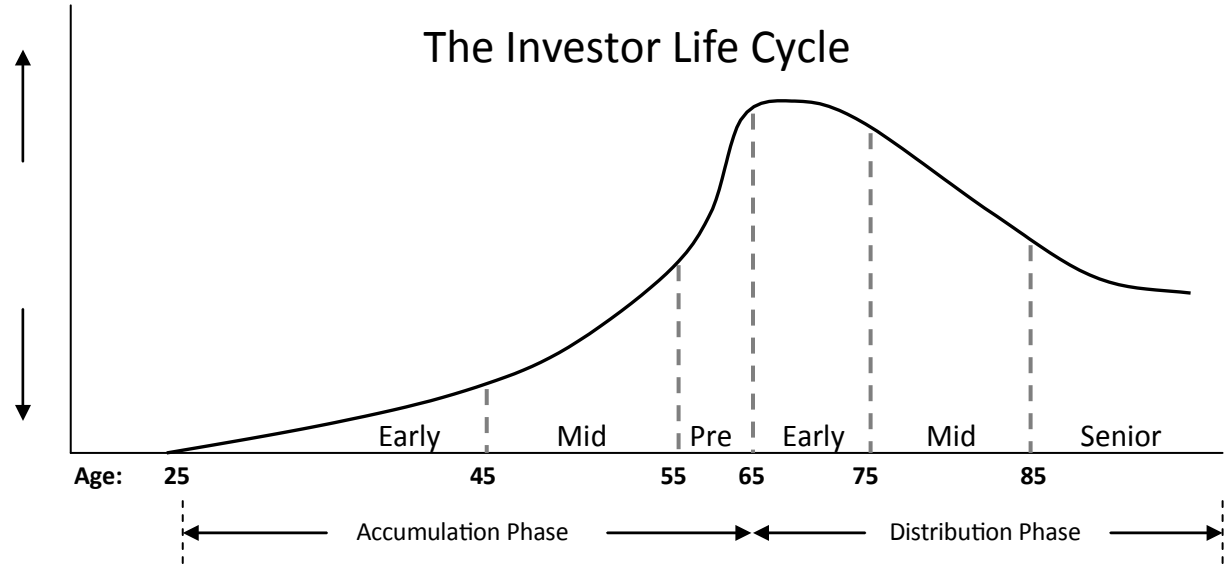
## Risk Tolerance Profile

### Life Cycle Position:

Through the progression of age, the average individual advances through several investment phases while working towards the financial goal of getting to and then living in retirement. The illustration below diagrams the six different phases of an investor's life cycle based on age and wealth.

In the **Accumulation phase**, the investor is making contributions to the portfolio in an effort to save for retirement. As time moves closer to that goal, larger relative contributions, as well as **market performance and volatility** have a significant effect on the portfolio's value.

In the **Distribution phase**, the investor is taking distributions from the portfolio to fund expenses in retirement. While market volatility is still a factor, a larger focus should be on **longevity risk** and maintaining a proper allocation to ensure that the investor's assets last throughout retirement.



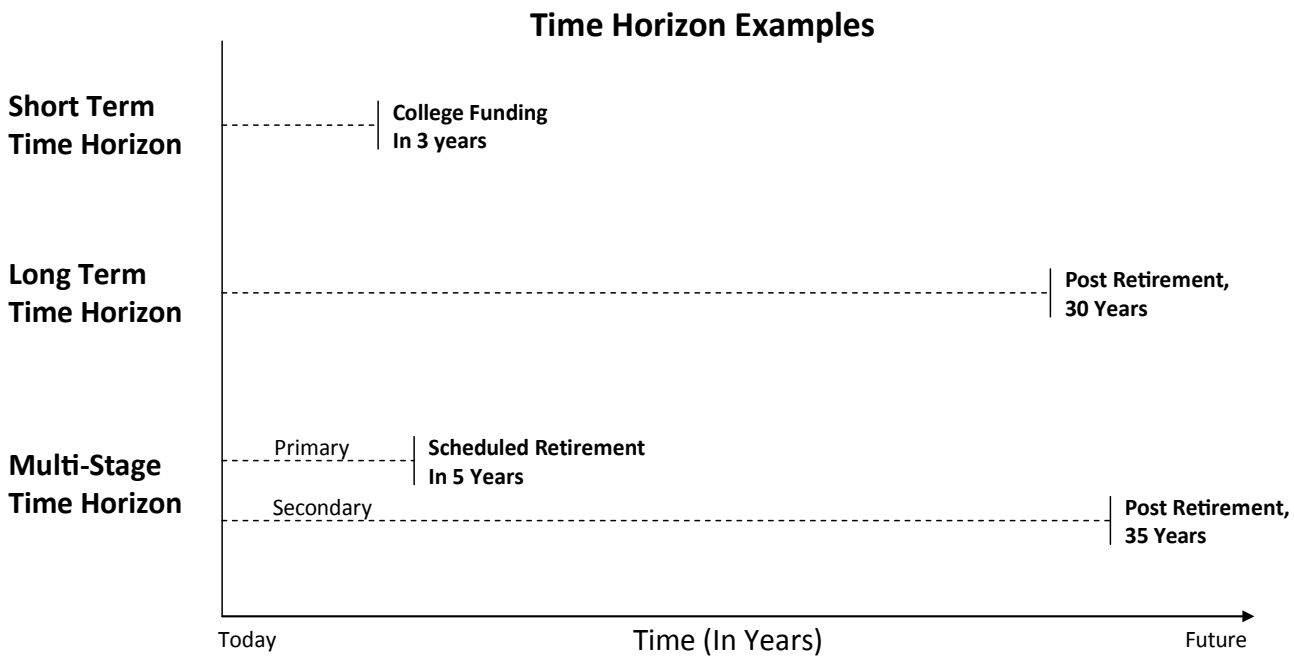

### Question 1:

Which phase below best represents your position in the investor life cycle:

| | | | |
|---|---|---|---|
| 12 | ☐ A. | Early Accumulation | (20 - 40 years before retirement) |
| 9 | ☐ B. | Mid Accumulation | (10 - 20 years before retirement) |
| 7 | ☐ C. | Pre-Retirement | (0 - 10 years before retirement) |
| 6 | ☐ D. | Early Retirement | (0 - 10 years into retirement) |
| 4 | ☐ E. | Mid Retirement | (10 - 20 years into retirement) |
| 2 | ☐ F. | Senior Retirement | (20 - 30 years into retirement) |

**Financial Goals:**

An important consideration when making investment decisions is where you are in your financial life cycle and how long you have before you will need to start withdrawing the assets. Through consultation with your Financial Advisor, please indicate your portfolio's appropriate time horizon.




**Question 2: Primary Time Frame**

Please indicate your primary goal for your investment portfolio:

- ☐ A. Planning for Retirement
- ☐ B. Current Income Generation and Portfolio Longevity Planning in Retirement
- ☐ C. Current Income Generation
- ☐ D. Education
- ☐ E. Long-term Capital Appreciation
- ☐ F. Other: _____

Please indicate the duration of this primary goal:

- 1 ☐ A. Within 1 to 4 years
- 5 ☐ B. Within 5 to 10 years
- 7 ☐ C. Within 11 to 20 years
- 9 ☐ D. More than 20 years

**Question 3: Secondary Time Frame**

Please indicate your secondary goal for your investment portfolio:

- ☐ A. Planning for Retirement
- ☐ B. Current Income Generation and Portfolio Longevity Planning in Retirement
- ☐ C. Current Income Generation
- ☐ D. Education
- ☐ E. Long-term Capital Appreciation
- ☐ F. Estate Planning / Charitable Giving
- ☐ G. Other _____
- ☐ H. Not applicable, I only have a single primary objective for this pool of assets.

Please indicate the duration of this secondary goal:

- 1 ☐ A. Not applicable, I only have a single stage, ***short-term*** time horizon.
- 6 ☐ B. Not applicable, I only have a single stage, ***long-term*** time horizon.
- 2 ☐ C. Within 1 to 4 years
- 4 ☐ D. Within 5 to 10 years
- 6 ☐ E. More than 10 years

**Question 4: Risk Factor**

Before you make a decision on any investment, you need to consider how you feel about the prospect of potential loss of principal. This is a basic principle of investing: *the higher return you seek, the more risk you face*. Based on your feelings about risk and potential returns, your goal is to?

- 10 ☐ A. Potentially increase my portfolio's value as quickly as possible while accepting higher levels of risk.
- 7 ☐ B. Potentially increase my portfolio's value at a moderate pace while accepting moderate to high levels of risk.
- 5 ☐ C. The safety of my investment principal is of primary concern while capital appreciation is secondary.
- 3 ☐ D. The safety of my investment principal is my only concern.

**Question 5: Investment Approach**

Which of the following statements best describes your overall approach to investing as a means of achieving your goals?

- 2 ☐ A. Having a relative level of stability in my overall investment portfolio.
- 4 ☐ B. Slightly increasing my investment value while minimizing the potential for loss of principal.
- 6 ☐ C. Pursue moderate investment growth, accepting moderate levels of risk and principal fluctuation.
- 8 ☐ D. Pursue investment growth, accepting moderate to high levels of risk and principal fluctuation.
- 10 ☐ E. Seek maximum long-term returns, accepting maximum risk with principal fluctuation.

### Question 6: Volatility

The value of most investments fluctuates from year to year as well as over the short term. How would you feel if a long-term asset allocation that you had committed to lost 15% - 20% of its value during the first year?

3 ☐ A. I would be extremely concerned and would sell my investment.
5 ☐ B. I would be concerned and may consider selling my investment.
7 ☐ C. I would be concerned, but I would not consider selling my investment.
10 ☐ D. I would not be overly concerned given my long-term investment philosophy.

### Question 7: Variation

Realizing that any market-based investments may move up or down in value over time, with which of the hypothetical portfolios below would you feel most comfortable?

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Average Annual Return |
|---|---|---|---|---|---|---|---|
| 2 | ☐ A. | 3% | 3% | 3% | 3% | 3% | 3% |
| 4 | ☐ B. | 2% | 6% | 6% | -1% | 7% | 4% |
| 6 | ☐ C. | -6% | 7% | 21% | 2% | 8% | 6% |
| 8 | ☐ D. | 14% | -9% | -4% | 28% | 18% | 8.5% |
| 10 | ☐ E. | 15% | -9% | 18% | 40% | 31% | 11% |

### Question 8: Investment Experience

How would you rate your overall knowledge of investments?

1 ☐ A. None
3 ☐ B. LOW – I have very little investment experience outside of bank savings accounts, money markets or certificates of deposit (CD's)
5 ☐ C. MEDIUM – I have some experience investing in mutual funds or individual stocks / bonds
8 ☐ D. HIGH – I have been an active participant in the stock market and understand that all investments including international markets, can be volatile and unpredictable

### Question 9: Annual Distribution Needs

Based on current expenses that will need to be addressed by this portfolio, what percentage of your portfolio value do you think will need to be distributed to you on an annual basis?

10 ☐ A. I will not need distributions from this portfolio at this time.
5 ☐ B. 0.0% – 5.0% annually
8 ☐ C. Over 5.0% annually, including the possibility of having to withdraw principal.

### Question 10: Risk of Loss

Below are the risk characteristics, in terms of possible annual downside risk, of three hypothetical diversified portfolios. Based on the information provided, please select the portfolio that is the most closely aligned with your ability to accept losses in any twelve month period.

| | | Chance of Losing Money In Any One Year Period | Chance of Losing Greater Than 10.0% In Any One Year Period | Maximum Expected Loss In Any One One Year Period* | Potential Annual Return |
|---|---|---|---|---|---|
| 4 | ☐ A. Portfolio 1 | 1 in 10 | None | -5% | 6% |
| 6 | ☐ B. Portfolio 2 | 2 in 10 | 1 in 20 | -10% | 8% |
| 8 | ☐ C. Portfolio 3 | 3 in 10 | 1 in 10 | -20% | 10% |
| 1 | ☐ D. | The above portfolios exhibit characteristics that are more volatile than my risk tolerance. | | | |

*Assuming a two standard deviation event below the mean of the portfolio.

### Question 11: Living Expense

Given interruptions of periodic income or other unforeseen circumstances, some individuals are forced to tap their investment resources to meet living expenses. In such an instance, how many months of living expenses could be covered by your current liquid investments?

9 ☐ A. More than 12 months, or not a concern
6 ☐ B. Between 4 and 12 months
3 ☐ C. Less than 4 months, or already withdrawing

### Questions 12: Household Income

Total earnings, which include earned and investment income, is a requirement when assessing your risk tolerance and determining allocation of assets. What is your total annual household income?

9 ☐ A. More than $500,000
7 ☐ B. $250,000 to $499,999
5 ☐ C. $100,000 to $249,999
3 ☐ D. Less than $100,000

### Question 13: Future Earnings

In the next five years, you expect that your earned income will probably:

1 ☐ A. Decrease
4 ☐ B. Stay about the same
6 ☐ C. Increase modestly
8 ☐ D. Increase significantly

**Question 14: Income Saving**

The percentage of your total income that you currently save is approximately:

1 ☐ A. I do not currently save any income.
4 ☐ B. Between 2.0% - 10.0%
6 ☐ C. Between 10.1% - 20.0%
10 ☐ D. Greater than 20.0%

**Question 15: Estate Planning**

Estate planning is an important factor in the construction and risk tolerance of a retirement portfolio. What are your expectations with regards to future gifting:

3 ☐ A. I plan to draw down all of the assets in this portfolio.
5 ☐ B. I plan to gift less than 50.0% of my *current* investable assets to my heirs / charity.
7 ☐ C. I plan to gift 50.0% of my *current* investable assets to my heirs / charity
8 ☐ D. I plan to gift more than 50.0% of my *current* investable assets to my heirs / charity
10 ☐ E. I am in the accumulation phase of my life cycle therefore this is not applicable at this time.

## Section A: Portfolio Constraints

***Please note that the constraints, restrictions and comments noted below are for planning purposes only. Relevant restrictions and constraints must be specified on the completed Client Agreement(s) to be considered.*

**Liquidity constraints:**

Given your personal situation, consultation with your investment advisor and the answers provided to previous questions, how would you describe the need to have highly liquid investments as a portion of your portfolio?

☐ A. Low (0.0% - 2.0%)
☐ B. Average (2.1% - 10.0%)
☐ C. High (10.0% + )

If you indicated in Question 9: "Distribution Needs" that there will be a need for annual distributions from your portfolio, please indicate the approximate annual distribution in dollars ($) that this portfolio will need to address?

_____

Do you anticipate the need to withdraw a significant portion of your total portfolio's value ***within the next year*** to meet a financial goal such as starting a business, purchasing real estate, college education funding or travel?

☐ A. Yes
☐ B. No

If you answered "Yes", estimated date _____ and estimated amount _____

Do you anticipate the need to withdraw a significant portion of your total portfolio's value ***within the next one to ten years*** to meet a financial goal such as starting a business, purchasing real estate, college education funding or travel?

- ☐ A. Yes
- ☐ B. No

If you answered "Yes", estimated date _____ and estimated amount _____

Additional comments:

_____
_____
_____
_____

**Tax constraints:**

Are there any important tax considerations or issues that should be taken into account when constructing this portfolio?

- ☐ A. Yes
- ☐ B. No

Comments:

_____
_____
_____
_____

**Legal and regulatory constraints:**

Are there any legal and regulatory concerns that would present an issue in the construction of the portfolio?

- ☐ A. Yes
- ☐ B. No

Comments:

_____
_____
_____
_____

**Unique circumstances:**

Are there any unique circumstances (example: investment restrictions) that would present an issue in the construction of your portfolio?

- ☐ A. Yes
- ☐ B. No

Comments:

_____
_____
_____
_____

## Conclusion

Comments:

_____
_____
_____
_____
_____

To the best of my knowledge, the information contained in this investment policy questionnaire is both accurate and complete. I understand that any recommendations are based upon the information supplied by me.

_____ _____

Client Signature Date

_____ _____

Client Signature Date

_____ _____

Advisor Signature Date

# General investment objective ranges and descriptions:

**Point Total** **(adding up the points from questions 1 - 15)** ☐

| Points | General Investment Objective | Risk Tolerance |
|---|---|---|
| ☐ 36-60 | Income | Low |

You have selected an INCOME OBJECTIVE for this account. This objective emphasizes current income through a large allocation to fixed income securities, complemented by a secondary consideration for little capital appreciation and inflation protection. Due to its fixed income nature, general stability of principal value should be obtained but is not guaranteed.

| | | |
|---|---|---|
| ☐ 61-103 | Balance | Moderate |

You have selected a BALANCED OBJECTIVE for this account. This objective is designed to offer the potential for both capital appreciation and current income through roughly 40% to 70% equities allocation, and 30% to 60% fixed income allocation.

| | | |
|---|---|---|
| ☐ 104+ | Growth | High |

You have selected a GROWTH OBJECTIVE for this account. This objective emphasizes maximizing total return and protecting against inflation. The portfolio consists of primarily equity investments, but may provide exposure to fixed income in an effort to buffer short-term fluctuations in performance.