

Activity Sheet 2: To Risk or Not to Risk?

As we've learned, risk tolerance is personal. Based on factors such as age, salary, financial obligations, and family situation, people's risk tolerances vary greatly.

Below are descriptions of individuals who are thinking about investing in the Stock Market. What do you think is the risk tolerance of each one? L=low; M=moderate; H=high

1. Teddy is 26 and has just gotten a new job at a much higher salary. He is single, has no loans and will get a raise within six months. He wants to invest some of his new-found wealth. His risk tolerance is _____.
 2. Juanita is a single mother with two children, ages 10 and 12. She wants them to go to college and is putting aside money to help pay for their educations. It will be six years before she needs money to help her first child with college. Her risk tolerance is _____.
 3. Bill is 62. His health is good. His wife has a low paying job, but their children are grown and off on their own. Bill and his wife will retire in three years. Bill's risk tolerance is _____.
 4. Tasha is 8. Her mother and dad want to start a small investment portfolio for her to use for college or to help buy a home someday. Tasha's risk tolerance is _____.
 5. Monique and Harrison are in their forties and have three children. They have a mortgage and some credit card bills, but they have put aside a small amount of money to invest for retirement. They hope to retire when they are 65. Their risk tolerance is _____.
 6. Devon is also in his forties. He has paid for his home, makes a good salary and has no children. He has a good job and wants to invest money so he can buy a condo at the beach in 10 years. His risk tolerance is _____.
 7. Blair is 20. She is almost finished college. Her parents have paid all of her college costs and have promised to buy a small house for her when she graduates and starts her first job. Blair works on the weekends and during the summer; she has saved several hundred dollars, which she wants to invest. Blair's risk tolerance is _____.
 8. Sam works in a fast-food restaurant as a cook. He barely makes enough money to pay the rent and buy groceries for his wife and baby. Sam is 35. His grandmother died and left him \$2,000, which Sam wants to invest. Sam's risk tolerance is _____.
 9. Lisa is 27 and has a good job and few bills. She wants to invest so that in five years she can take a year off to travel in Europe. She has \$5,000 to invest and will need \$25,000 to take the trip of her dreams. Her risk tolerance is _____.
 10. Henry is 68 and retired. The company he retired from recently dissolved its pension fund and sent him a check for \$20,000. Henry is very healthy and expects to live at least another 20 years. He gets Social Security and has a small amount of savings. Henry's risk tolerance is _____.
- 1.