CHAPTER 15 - KEY FACTS REVIEW

Q1: Risk tolerance is generally defined as the degree of uncertainty you are willing to take on to achieve potentially greater rewards over time. Which of the following does this include?

a) Your long-term retirement goals and experience.
b) How much time you want to factor in.
c) Your total resources.
d) Your "fear factor."
e) All of the above

Q2: Which category of your retirement "nest egg" is included when considering risk tolerance?

a) All of it.
b) The cost of your Medicare coverage.
c) The cost of operating your household.
d) All funds that are NOT earmarked for income.

Q3: Which are the greatest factors affecting risk tolerance?

a) Time.
b) Current assets.
c) Future income.
d) Market corrections.
e) All of the above.

Q4: What is the difference between "risk tolerance" and "risk capacity?"

a) They are the same thing.
b) Risk tolerance is your "fear factor."
c) Risk capacity looks at only one facet of your total picture.
d) Risk tolerance is the emotional or psychological willingness to take risk, while risk capacity is the ability to take risk, without jeopardizing your long-term goals.

ANSWERS: e, d, e, d.

If you want to discuss your Social Security and Medicare choices, please call us at **1-800-279-1261** and one of our volunteers will be glad to help at no cost to you whatsoever.