

### **How Risky Can I Be?**

1. You are the investment manager for both Marcy and Tony. Read their cases below.
2. Complete Worksheet 2 (Risk Factors) for each client to determine his or her risk tolerance.

#### **Case Study #1**

Marcy Johnston is a 35-year old mother. Her income is the only one for the family. She has one small child who lives with her. Marcy wants to retire at 60 years of age and is planning for her retirement income now. While she is willing to lose some money in the short-term, she makes it clear that she wants her investments to grow enough to let her retire comfortably. At this time she does not have a lot of money in her savings account at the bank and does not own many things of any value. Marcy dreams of someday buying a home of her own.

Score: \_\_\_\_\_ Type of investor: \_\_\_\_\_

#### **Case Study #2**

Tony Sanchez has four grown children who live on their own and support themselves. He is 62 years old. His wife is 65 and earns a small pension. Tony owns his house, owns his car, and has built up his savings account over the years. For the last 30 years he has carefully budgeted to have money to invest each month, and does not want to lose any money on investments. He plans to retire in three years and needs the security of his investments.

Score \_\_\_\_\_ Type of Investor: \_\_\_\_\_

3. Who is able to take the most risks with their investments, Marcy or Tony? Justify your choice with at least two reasons. Who: \_\_\_\_\_  
Reasons: \_\_\_\_\_  
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4. How might age affect your clients' investment goals?  
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5. What investment concerns might Marcy have that Tony might not have?  
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