



**Sample Assessment**

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## 1. About Tolerisk

Tolerisk is a 2-dimensional analysis of an individual or couple's risk tolerance, incorporating both the client's willingness to accept risk and their ability to take risk. It is designed to assist the advisor in providing a recommended holistic risk directive for the client.

**The 1st dimension** estimates each individual's willingness to accept risk by gathering answers to psychometric questions designed to identify how risk seeking or risk averse they are in comparison to a broad population. Their normative score is translated to a comparable percentage of risky assets in a portfolio asset allocation using a subjective scale based on advisor-client experience.

**The 2nd dimension** estimates a person or couple's ability to take risk, based on client inputs and assumptions, by computing each cash-flow's ability to sustain market fluctuations and aggregating all cash-flows. This is a similar process to the traditional method of calculating a bond's sensitivity to changes in interest rates and credit spreads.

**The Tolerisk Score** – which is the recommended risk directive, is expressed as a percentage of the portfolio invested in well diversified risk assets, such as a broad portfolio of equities. The balance of the portfolio is expected to be invested in low risk assets, such as a diversified fixed income portfolio. The Tolerisk Score is the lesser of the client's willingness to accept risk and their ability to take risk. The Tolerisk Score will always be equal to one of those scores at each point in time.

**Probability of Running Out of Money** - The probability of the client outliving their assets is computed by observing if or when the client's money runs out in each of 1000+ historical scenarios. Each historical path (including returns for stocks and bonds as described by the historical indexes below) serves to project future potential portfolio returns based on the mix of stocks/bonds commensurate with the Projected Tolerisk Score now and in the future. This analysis uses monthly historical data starting in 1926 and streaming forward. The data set concludes with the full prior year of data. The data set is looped to allow scenarios (paths) that start in more recent years to wrap around to 1926 and continue following each monthly path. This data set includes broadly diversified stocks, broadly diversified fixed income, and US inflation (CPI). The stocks data set from 1926 to 1997 is based on Ibbotson Data for Large Company Stocks. For mid-1997 through present, the stocks data set is based on S&P 500 (50%), S&P 600 Small Cap (25%), MSCI EAFE (20%), and MSCI EM indices (5%). Fixed Income data from 1926 through 1997 is Ibbotson Intermediate US Government (33%), Ibbotson Long-Term US Government (33%), and Ibbotson Long-Term Corporate (34%). For mid-1997 through present is based on the Barclays US Intermediate Government (20%), Barclays US TIPS 1-10 Year (20%), Barclays US Intermediate Corporate (30%), Barclays US 1-3 Year Government (15%), and Barclays US Long Government (15%) indices. Since the indices for stocks and fixed income do not account for any expenses (e.g. fund expense ratios, management fees, bid-offer spreads, commissions, loads, etc.) the advisor selects a cost adjustment, expressed in yield, to reduce the returns of the stocks and fixed income used in this analysis. Since costs for stocks and fixed income allocations may vary, the respective cost adjustments may differ from each other. The cost assumptions set for this assessment by the advisor are 2.22% for Stocks & 2.29% for Fixed Income. In addition, the advisor may have made further adjustments, called Capital Markets Adjustments, to reflect an expectation of future returns that differs from historical returns. For this assessment, Capital Markets Adjustments of 0.00% for Stocks & 0.00% for Fixed Income has been made. The net long term average return assumptions used in this assessment (after all adjustments) are 7.79% for Stocks & 2.94% for Fixed Income. The assumed portfolio return along each path will reflect the adjustments for costs and Capital Markets Adjustments and the weighted average between equities and fixed income commensurate with the Projected Tolerisk Score at each point in time. For inflation, the US CPI index is used from 1926 through present.

At each year in the future, the Tolerisk Score is computed to ascertain an estimate of the likely appropriate asset allocation (broad stocks / broad fixed income) at that point in the future. This evolving asset allocation is used to determine the portfolio returns across each historical path. Mortality probability by age, using the actuarial tables provided by the IRS, is also incorporated. In addition, custom life expectancy can be used to adjust these probabilities when the client's life expectancy differs materially from the average person of the same age. When 2 individuals are incorporated (spouses) in Tolerisk, 2nd-to-die probabilities are utilized. These mortality probabilities are used in conjunction with the 1000+ historical paths as outlined above to compute the probability of one or both of these individuals being alive at a time when their money is gone.

**Assets Over Time** displays the projected asset value of the specified percentiles across the 1000+ historical paths, including 5th, 25th, 50th, 75th, and 95th. It is based on the adjusted index data and the evolving asset allocation as defined above. It illustrates the estimated balance in nominal dollars (not inflation adjusted). Tolerisk assumes that funds are used from the taxable accounts first, then any ROTH assets, then pre-tax retirement accounts. It will automatically move assets from the pre-tax retirement accounts to the taxable account when the client is over 70 years old, based on the IRS RMD schedule. The amount estimated for taxes is removed commensurate with any pre-tax retirement account distribution.

**The Projected Tolerisk Score** through time is the lesser of the client's representative Willingness Score and their Ability Score currently and at each subsequent point in time. The Willingness Score is a constant and serves as a cap to the Tolerisk Score. The Ability Score will evolve as the client moves through their cash-flow chronology. Ability can go up or down depending on the client's specific cash-flow chronology. The projected Tolerisk score in the future will always be the Ability Score, subject to a cap equal to the Willingness Score.

**The Sensitivity Table** uses parametric shocks for each of the major inputs in Tolerisk. Each input is adjusted by the number specified and Tolerisk recomputes the Ability Score, the Tolerisk Score, and the probability of running out of money.

**The Scenario Analysis** estimates the probability of the client's portfolio having a value greater than zero ("success") for each potential asset allocation at various points in the future, as depicted by the age of the client, in the table. This analysis uses the same 1000+ paths referenced above. In addition to 11 static asset allocations, there is also a dynamic asset allocation, which follows the Projected Tolerisk Score as defined previously. For example, if the probability is 87% for the benchmark 60/40 allocation at age 90, this means that 87 out of every 100 scenarios tested resulted in the client still having money at age 90, if they used an asset allocation of 60% equities and 40% fixed income, based on all other assumptions included in the report. In addition to computing the probability of success, the alternate table illustrates the age of running out of money corresponding to the identified probability (percentile). For example, if the age depicted is 88 for the benchmark 70/30 allocation with a 90% confidence level (atop the column), this means that 90% of the historical paths tested, using the 70/30 asset allocation, resulted in money lasting until the age of 88 or greater, given all other assumptions included in the report. In addition, the probability of satisfying each of the client's Capital Expenditures, by year, is calculated and displayed.

**Historical Benchmark** returns illustrate the returns for 11 different benchmarks created from the 1000+ historical paths as previously identified. As in all other areas of Tolerisk, the actual returns each month are adjusted (downward) by the spread selected by the advisor. Compound Annual Returns are computed by rebalancing annually between equities and fixed income, in the ratio of the benchmark displayed. Standard Deviations as well as Worst Drawdowns for the displayed periods are also included, along with the historical time frame of occurrence for reference

**Please see the Disclosure Page of this report for specific limitations of Tolerisk and this analysis.**

## 2. Tolerisk Disclosure

Please read this section carefully. It contains an explanation of some of the limitations of this report.

**IMPORTANT:** The calculations or other information generated by Tolerisk regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Below is an outline of several specific limitations of the calculations of financial models in general and of Tolerisk specifically. The calculations contained in this report depend in part the client's personal inputs and assumptions, as well as assumptions provided and reviewed by the Advisor. These assumptions must be reconsidered on a frequent basis to ensure the results are adjusted accordingly. The smallest of changes in assumptions can have a material impact on the outcome of this analysis. Any inaccurate representation by the Advisor or Client of any facts or assumptions used in this analysis invalidates the results.

This report is not a Comprehensive Financial Plan or Report. Tolerisk does not provide Investment, Legal, Accounting, or Tax Advice. Tolerisk is intended to be operated solely by an appropriately licensed and/or registered Professional, who is appropriately credentialed to provide guidance to a Client on their Investment Risk Tolerance. This analysis in and of itself does NOT constitute investment advice or legal, accounting or tax advice.

Any financial model, such as Tolerisk, can only consider a small subset of the factors that may affect investment outcomes and the ability to accurately anticipate those few factors is limited. For these reasons, investors should understand that the calculations made in this analysis are hypothetical, do not reflect actual investment results, and are not guarantees of future results. Actual results may vary to a material degree due to external factors beyond the scope and control of this analysis. Historical data is used to produce future assumptions used in the analysis, such as rates of return. Utilizing historical data has limitations as past performance is not a guarantee or predictor of future performance.

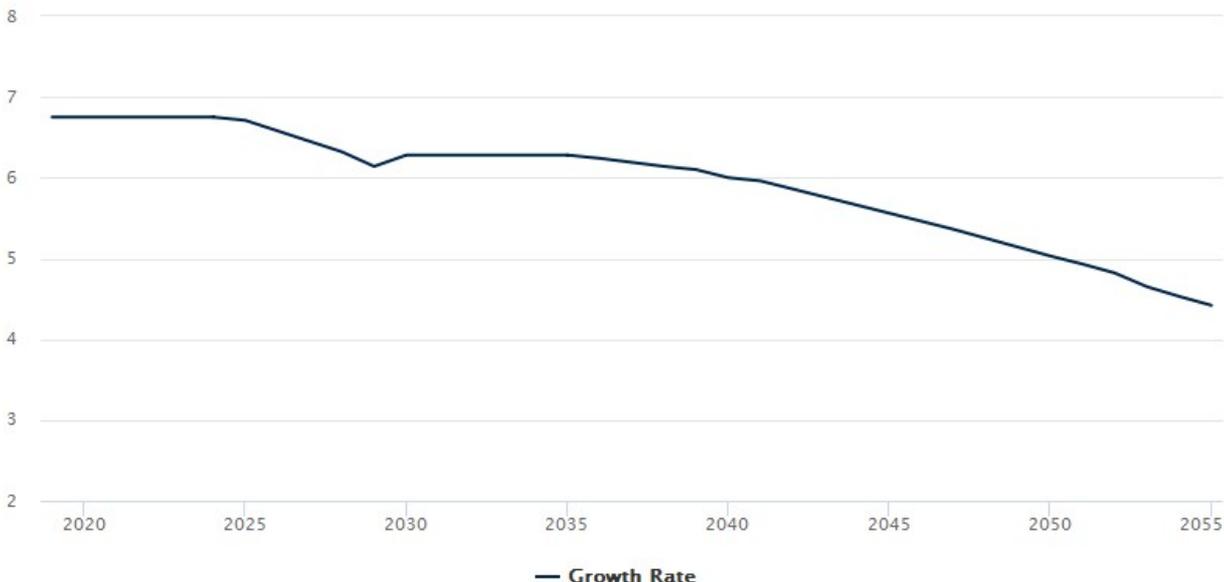
Tolerisk has limited capability to model any individual's tax liability, and future tax laws may be significantly different from current tax laws. Any changes in tax law may affect returns for any given investment and make the calculations produced by Tolerisk less useful. Tolerisk does NOT incorporate IRS limitations on contributions to retirement accounts. Any contribution or withdrawal assumptions should reflect realistic expectations of current and future restrictions on contributions and distributions.

Tolerisk is ONLY recommending a broad asset allocation risk level, as described as a simple stocks/bonds ratio. Only an appropriately credentialed Advisor should provide Investment and/or Financial Advice as to the specific investment allocation or transactions recommended for a specific Client.

Tolerisk is designed to draw the Advisor's attention to inconsistencies in the client's information or profile. Material inconsistencies may render the Tolerisk analysis invalid. The Advisor should always consider all external factors and any observed inconsistencies before making a final recommendation on the appropriate level of Risk for a given Client. Advisors should generally pay deference to a client's feedback about their Tolerisk Score. If a Client implies or reports that they are uncomfortable with the results from Tolerisk, it is suggested that further analysis be conducted before making any final recommendations to the Client regarding their investment risk tolerance or benchmark risk level.

Results may vary with each use and over time.

### Average Growth Rate Assumption (through time)



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## 3. Inputs and Assumptions

### Inputs for Primary

Current Age 55 Retirement Age 65

### Savings

Monthly Taxable Savings (\$) Custom  
Monthly Traditional IRA/401K Savings (\$) 1,500  
Monthly Roth IRA/401K Savings (\$) 0

### Custom Taxable Savings

Savings	From	To	Increase Anually	Increase By	Savings Are
\$50	2019	2020	No	0.00%	Future Value
\$900	2020	2024	Yes	3.00%	Future Value
\$500	2024	Retirement	Yes	2.00%	Future Value

### Expenses

Monthly Expenses 8,000  
Rainy Day Money(# of Month's Expenses) 3

### Capital Expenditures

Description	Amount	Start Year	No of Years	Expenditures Are
College	\$20,000	2021	1	Present Value

### Assets

Taxable Assets (\$) 350,000  
Traditional IRA/401K Assets (\$) 450,000  
Roth IRA/401K Assets (\$) 50,000

### Monthly Retirement Income

Expected Monthly Security (Today \$) 2,000 Starting Age 67  
Expected Monthly Pension (\$) 1,200 Starting Age 65

### Custom Retirement Income

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## Inputs for Spouse

Current Age 54 Retirement Age 65

## Savings

Monthly Traditional IRA/401K Savings (\$) 0

Monthly Roth IRA/401K Savings (\$) 0

## Assets

Traditional IRA/401K Assets (\$) 0

Roth IRA/401K Assets (\$) 0

## Monthly Retirement Income

Expected Monthly Security (Today \$) 2,000 Starting Age 70

Expected Monthly Pension (\$) 0 Starting Age 0

## Assumptions

Inflation (%) 3.0

Initial Annual Investment Growth Rate (%) 6.7

Effective Tax Rate Pre-Retirement (%) 25

Effective Tax Rate Post-Retirement (%) 18

Primary's Life Expectancy (Generic) 83

Spouse's Life Expectancy (Generic) 83

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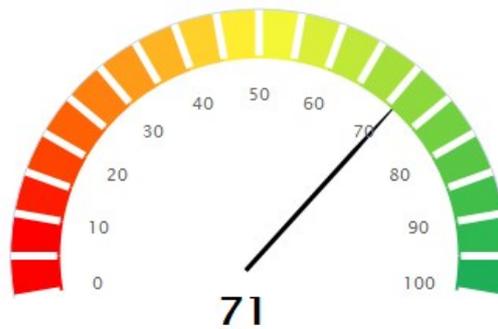
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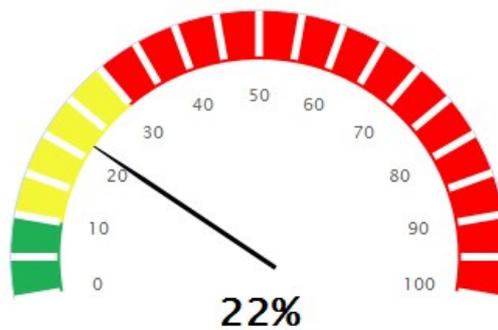
#### 4. Result

Your Tolerisk Score is a recommended asset allocation based on the assumptions made and information provided. It is expressed as a simple stocks/bonds benchmark. For example, a Score of 71 represents the equivalent portfolio risk of 71% of your portfolio in well diversified equities and 29% in well diversified fixed income securities or funds. Your Probability of Running Out of Money is the likelihood that you (or your spouse if married) outlive your assets.

#### TOLERISK SCORE



#### PROBABILITY OF RUNNING OUT OF MONEY



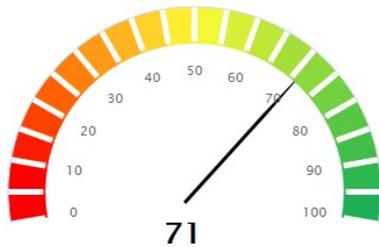
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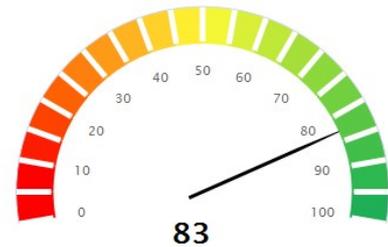
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### 5. Willingness and Ability Scores

Your Willingness Score is an estimate of your willingness to accept market risk in your portfolio. Your Ability Score is an estimate of your ability to take market risk in your portfolio based on your cash-flow chronology. Both scores are calibrated to be the numerator in a simple stocks/bonds ratio. For example, a Score of 71 represents the equivalent portfolio risk of 71% of your portfolio in well diversified equities and 29% in well diversified fixed income securities or funds.



WILLINGNESS SCORE 71

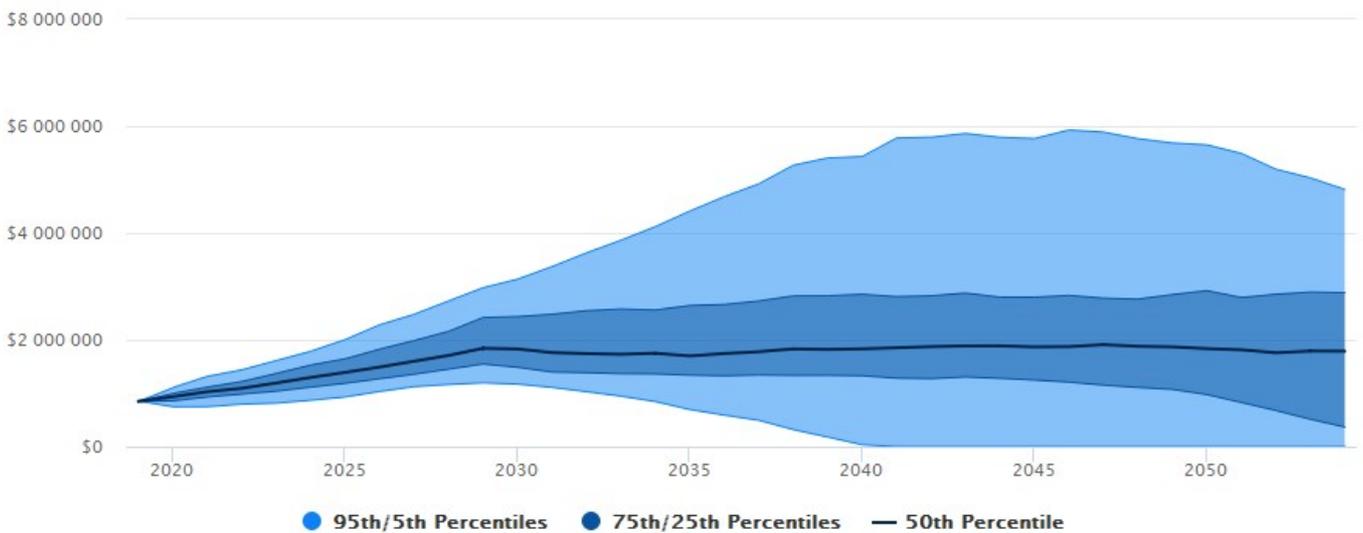


ABILITY SCORE 83

### 6. Projected Assets

This chart depicts potential ranges of total future asset values based on 1000+ paths of potential portfolio returns commensurate with all assumptions in this report. The 50th Percentile represents the middle of the range of asset values at each point in time. The 25th/75th percentiles as well as the 5th/95th percentiles represent less probable asset values in the future. All asset values are expressed in nominal terms, which means they are not adjusted to reflect inflation.

Projected Asset Bands



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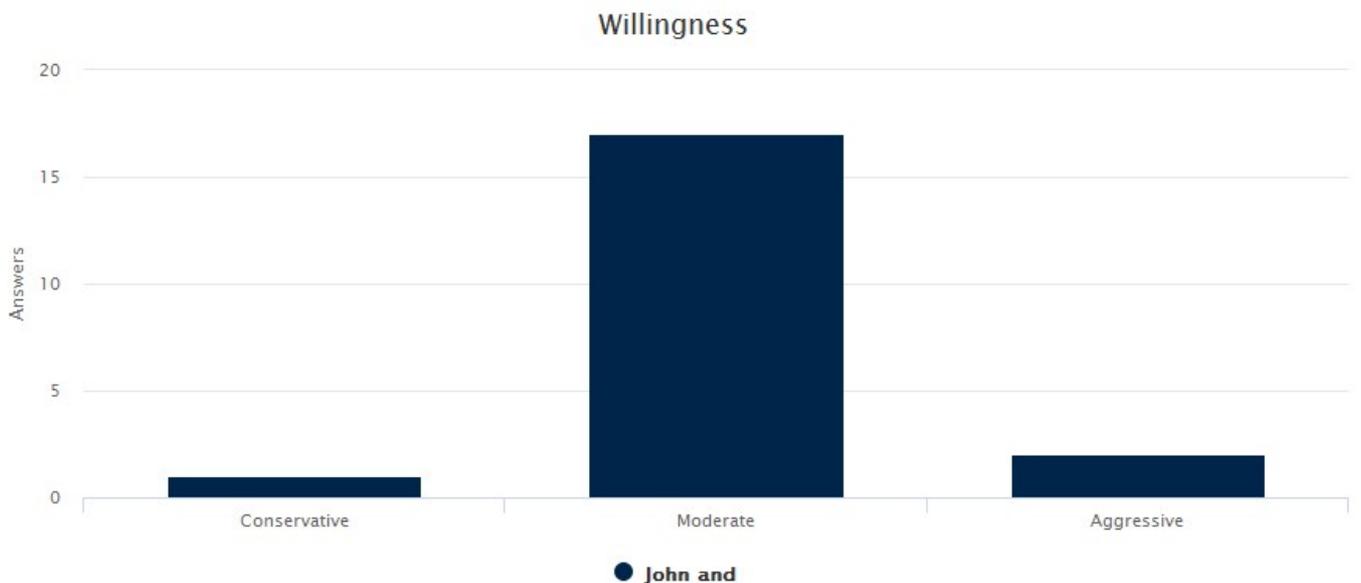
### 7. Projected Tolerisk Scores

The Projected Tolerisk Score through time is an estimate of how your Ability Score will likely evolve through time as you move towards and through your cash-flows. Your Willingness Score serves as a ceiling for your Tolerisk Score. Your Tolerisk Score is lower of your Ability Score and your Willingness Score at any given point in time.



### 8. Willingness Answers Distribution Chart

This is a general categorization of the Willingness questions ONLY. It illustrates how many questions were answered with the aggressive, moderate, or conservative option. For purposes of categorization, the most aggressive 2 answers were counted as “Aggressive” and the most conservative 2 answers were counted as “Conservative”. All other answers were categorized as “Moderate”.



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## 9. Willingness Questions and Answers

1. Compared to others, how do you rate your willingness to take financial risks?

- Average risk taker

2. How easily do you adapt when things go wrong financially?

- Somewhat uneasily

3. If the stock market is up 30% this year, I would expect my account to be up:

- 25%-30%

4. Have you ever invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value?

- Yes, somewhat rarely

5. If you had to choose between more job security with a smaller paycheck and less job security with a larger paycheck, which would you choose?

- Not sure

6. When faced with a major financial decision, are you more focused on the possible losses or the possible gains?

- Usually the possible gains

7. How do you usually feel about your major financial decisions shortly after you make them?

- Somewhat pessimistic

8. If the stock market were to DECLINE 20% next year, I would expect my account to be DOWN:

- 14%-17%

9. What degree of risk have you taken with your financial decisions in the past?

- Average

10. What degree of risk are you currently prepared to take with your financial decisions?

- Average

11. I'm okay if my investments drop a lot in the short-term because they will go up a lot in the long run too.

- Neutral

12. Investments can go up or down in value, and experts often say you should be prepared to weather a downturn. By how much could the total value of ALL your investments go DOWN before you would begin to feel uncomfortable?

- 20%

13. Market volatility does NOT scare me.

- Neither agree nor disagree

14. When it comes to my investments, my primary goal is preservation of what I have.

- Neutral

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15. Would you prefer a fixed rate mortgage on your home or a floating rate mortgage that is currently HALF of the fixed rate? If you could choose one option or a mix of both, what would you choose? Note that the floating rate loan is riskier.

- 25% Floating/ 75% Fixed

16. Insurance can cover a wide variety of life's major risks - theft, fire, accident, illness, death etc. How much insurance coverage do you have?

- Some

17. Given that risk and return generally go hand in hand, what portion of your investments are you willing to place in investments where BOTH returns and risks are expected to be above average?

- 40% to 60%

18. I'm very afraid of the stock market.

- Neither agree nor disagree

19. When you think of the word "risk" in a financial context, which of the following words comes to mind first?

- Opportunity

20. Imagine you were in a job where you could choose whether to be paid salary, commission, or a mix of both. Which would you pick?

- Mainly commission

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### 10. Sensitivity Analysis

Each input depicted below is shocked up and down, displaying the impact on the Ability Score, Tolerisk Score, and Probability of Running Out of Money.

Input Changed		Ability Score: 83 Effect on Ability Score	Tolerisk Score: 71 Effect on Tolerisk Score	Probability: 22% Effect on Probability
Retirement Age	+ 2 years	6	0	-10%
	- 2 years	-9	0	+32%
Annual Investment Growth	+ 1%	2	0	-9%
	- 1%	-1	0	+20%
Rainy Day Money	+ 3 months	-3	0	0%
	- 3 months	3	0	0%
Monthly Savings	+ 10%	0	0	-2%
	- 10%	0	0	+2%
Monthly Expenses	+ 10%	-2	0	+19%
	- 10%	2	0	-10%
Willingness Score	+ 5 points	0	5	-1%
	- 5 points	0	-5	+1%
Inflation	+ 1%	0	0	+29%
	- 1%	3	0	-11%
Tax Rates	+ 5%	0	0	+8%
	- 5%	0	0	-6%
Retirement Income	+ 10%	1	0	-5%
	- 10%	0	0	+6%

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### 11. Scenario Analysis

The table below illustrates the historical probability (since 1926) of money lasting until age listed across the top of the columns, for each of the stocks/bonds asset allocations listed on the left axis. These probabilities are certainly no guarantee of future probabilities. They are simply an estimate of long term historical occurrence. Please see the Scenario Analysis section of the About Tolerisk page of this report.

Benchmark (Stocks/Bonds)	Age 80	Age 85	Age 90	Age 95	Age 100	Age 105	Age 110
Benchmark 0/100	55%	37%	16%	9%	3%	0%	0%
Benchmark 10/90	57%	44%	28%	13%	9%	5%	1%
Benchmark 20/80	69%	51%	35%	15%	13%	9%	7%
Benchmark 30/70	82%	54%	44%	24%	14%	13%	10%
Benchmark 40/60	86%	77%	54%	39%	18%	15%	13%
Benchmark 50/50	88%	81%	71%	61%	41%	23%	17%
Benchmark 60/40	90%	83%	78%	70%	58%	45%	33%
Benchmark 70/30	90%	85%	80%	74%	69%	57%	50%
Benchmark 80/20	91%	87%	81%	76%	71%	65%	58%
Benchmark 90/10	91%	88%	84%	78%	73%	69%	64%
Benchmark 100/0	91%	88%	85%	82%	76%	71%	66%
Dynamic	90%	83%	77%	70%	56%	38%	31%

The table below depicts the age of when money runs out given the general asset allocation on the left axis, and the historical probability (percentile since 1926) across the top axis. Each column represents the percentile or probability based on long term history. The Worst column represents the worst scenario regarding the age of when money would run out. It generally represents a Great Depression scenario for higher equity allocations. The 99th column represents the 99th percentile. You will see that in the less stressed scenarios, such as 75th or 50th, the age at which your client's money runs out is much higher. The chart is capped out at age 120 for display purposes.

Benchmark (Stocks/Bonds)	Percentile						
	Worst	99th	95th	90th	85th	75th	50th
Benchmark 0/100	71	72	72	73	74	75	81
Benchmark 10/90	72	72	73	74	75	77	83
Benchmark 20/80	72	72	74	76	77	78	85
Benchmark 30/70	72	73	74	77	79	81	87
Benchmark 40/60	72	73	75	78	80	85	91
Benchmark 50/50	72	73	75	79	81	89	98
Benchmark 60/40	72	73	76	80	83	91	102
Benchmark 70/30	73	74	76	80	85	94	110
Benchmark 80/20	73	74	76	81	87	96	120
Benchmark 90/10	73	74	76	82	89	98	120+
Benchmark 100/0	72	74	77	83	91	101	120+
Dynamic	73	74	76	80	83	91	101

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## 12. Historical Benchmark Returns

The tables below shows historical average returns, risk, and worst period returns for a range of benchmarks. The first table shows the absolute total returns since 1926 for the periods of time depicted. The second table below illustrates the same worst period returns, expressed as an annualized return. For example, if the worst 10 year return is -24% in the first table, it would be equivalent of -2.7% per year, compounded for 10 years, as displayed in the 2nd table.

### Nominal Drawdowns

Benchmark (Stocks/Bonds)	Compound Annual Return	Annual Standard Deviation of Returns	Worst 1 Month	Worst 1 Year	Worst 3 Years	Worst 5 Years	Worst 10 Years	2007-2009 Crisis
Benchmark 0/100	2.9%	5.5%	-7.5%	-15.4%	-16.6%	-15.4%	-14.8%	2.9%
Benchmark 10/90	3.6%	5.6%	-7.5%	-13.6%	-13.1%	-14.5%	-0.8%	-4.8%
Benchmark 20/80	4.2%	6.2%	-7.4%	-22.0%	-23.6%	-13.6%	-0.8%	-11.9%
Benchmark 30/70	4.8%	7.3%	-10.1%	-29.9%	-35.2%	-20.4%	-1.7%	-18.6%
Benchmark 40/60	5.3%	8.7%	-12.9%	-37.1%	-45.6%	-28.4%	-3.6%	-24.9%
Benchmark 50/50	5.8%	10.2%	-15.7%	-43.8%	-54.4%	-35.7%	-5.4%	-30.7%
Benchmark 60/40	6.3%	11.8%	-18.6%	-50.0%	-62.1%	-42.7%	-13.6%	-36.2%
Benchmark 70/30	6.7%	13.5%	-21.4%	-55.6%	-68.6%	-49.1%	-24.3%	-41.4%
Benchmark 80/20	7.1%	15.2%	-24.2%	-60.8%	-74.3%	-55.5%	-34.4%	-46.1%
Benchmark 90/10	7.5%	17.0%	-27.1%	-65.5%	-79.0%	-60.9%	-43.4%	-50.6%
Benchmark 100/0	7.8%	18.7%	-29.9%	-69.8%	-83.0%	-66.4%	-52.2%	-54.8%

### Annualized Drawdowns

Benchmark (Stocks/Bonds)	Compound Annual Return	Annual Standard Deviation of Returns	Worst 1 Month	Worst 1 Year	Worst 3 Years	Worst 5 Years	Worst 10 Years	2007-2009 Crisis
Benchmark 0/100	2.9%	5.5%	-7.5%	-15.4%	-5.9%	-3.3%	-1.6%	1.5%
Benchmark 10/90	3.6%	5.6%	-7.5%	-13.6%	-4.6%	-3.1%	-0.1%	-4.2%
Benchmark 20/80	4.2%	6.2%	-7.4%	-22.0%	-8.6%	-2.9%	-0.1%	-9.6%
Benchmark 30/70	4.8%	7.3%	-10.1%	-29.9%	-13.5%	-4.5%	-0.2%	-14.8%
Benchmark 40/60	5.3%	8.7%	-12.9%	-37.1%	-18.4%	-6.5%	-0.4%	-19.8%
Benchmark 50/50	5.8%	10.2%	-15.7%	-43.8%	-23.1%	-8.5%	-0.6%	-24.5%
Benchmark 60/40	6.3%	11.8%	-18.6%	-50.0%	-27.6%	-10.5%	-1.4%	-29.0%
Benchmark 70/30	6.7%	13.5%	-21.4%	-55.6%	-32.0%	-12.6%	-2.7%	-33.3%
Benchmark 80/20	7.1%	15.2%	-24.2%	-60.8%	-36.4%	-14.9%	-4.1%	-37.4%
Benchmark 90/10	7.5%	17.0%	-27.1%	-65.5%	-40.5%	-17.1%	-5.5%	-41.3%
Benchmark 100/0	7.8%	18.7%	-29.9%	-69.8%	-44.6%	-19.6%	-7.1%	-45.0%

## 13. Probability of Meeting Capital Expenditures

The table below displays the historical probability of meeting each year's aggregate Capital Expenditures (not including normal Monthly Expenses) based on the Scenario Analysis. In each year it is assumed that the client's Monthly Expenses in retirement come out before Additional Capital Expenditures.

Year	Probability of Meeting	Description
2021	99%+	College

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Joe Advisor  
Advisor@yourcompany.com  
5555552211

Client:  
Risk Assessment Name:  
Risk Assessment By:  
Type:

John Smith  
Sample Assessment  
Joe Advisor - Financial Advisor  
Pro

I acknowledge that I have read and understand the contents of this report.

Signature \_\_\_\_\_ Name \_\_\_\_\_ Date \_\_\_\_\_

Joe Advisor  
 Advisor@yourcompany.com  
 5555552211

Client: John Smith  
 Risk Assessment Name: Sample Assessment  
 Risk Assessment By: Joe Advisor - Financial Advisor  
 Type: Pro

**14. Glossary of Terms**

<b>Ability Score</b>	Your ability to take investment risk based on the chronology of your cash-flows. It is calibrated to be the numerator in a simple stocks/bonds benchmark.
<b>Additional Capital Expenditures</b>	Expenditures NOT included in the monthly expense assumptions. These generally include items like the purchase of real estate, college tuition, and weddings.
<b>Additional Capital Inflows</b>	These are funds that come into the portfolio outside of typical month/annual savings. Typical examples include the sale of real estate, sale of a business, or a likely inheritance.
<b>Annual Investment Growth Rate</b>	The initial pre-tax net growth rate of Assets in the model, as well as the discount rate used to find the Present Value of all cashflows. It is calculated to be commensurate with the initial Tolerisk Score and consistent with the User's capital markets assumptions.
<b>Custom Expenses</b>	A custom array of expenses as an ALTERNATIVE to the simple monthly expenses (e.g. Expenses may go up or down in retirement).
<b>Custom Life Expectancy</b>	This is a life expectancy for the individual client. It can deviate from the general life expectancy by contemplating the client's gender, habits (e.g. smoker/non-smoker, exercise frequency, sleeping patterns, etc.), health status (e.g. cholesterol, blood-pressure, illnesses, etc.), and heredity (i.e. family history of longevity).
<b>Custom Retirement Income</b>	Additional expected pre-tax income in retirement, including income from real estate investments, part-time work, additional annuities or defined benefit pensions. It can be designated to adjust with inflation or remain static using the check box.
<b>Custom Savings</b>	A custom array of contributions to either the taxable (non-retirement) account, pre-tax retirement account, or Roth IRA/401k account as an ALTERNATIVE to the simple monthly contributions.
<b>Inflation</b>	The rate at which Monthly Expenses, Social Security, and inflation linked savings, income, and expenses are assumed to increase annually. In computing the probability of running out of money, CPI is used on a monthly basis as it occurred historically commensurate with returns for equities and fixed income.
<b>Investment Tax Rate - Post-Retirement</b>	The client's expected average tax rate, during retirement, contemplating the typical ratio of qualified and non-qualified dividends, as well as long-term and short-term capital gains rates.
<b>Investment Tax Rate - Pre-Retirement</b>	The client's expected average tax rate, pre-retirement, contemplating the typical ratio of qualified and non-qualified dividends, as well as long-term and short-term capital gains rates.
<b>Monthly Expenses</b>	Average monthly spending (include all recurring expenses as well as discretionary spending like vacations, gifts, etc.).
<b>Monthly Pension</b>	Any Defined Benefit Pension or fixed rate annuity, which does NOT adjust for inflation. This is a pre-tax number. It can start at a different age than retirement.
<b>Monthly Roth IRA/401k Savings</b>	The average monthly amount contributed to a Roth IRA or Roth 401(k).
<b>Monthly Social Security</b>	This should be entered in today's pre-tax dollars, as it is displayed on the client's Social Security Statement. It will automatically be indexed to inflation in the future and can start at a different age than the assumed retirement age.
<b>Monthly Taxable Savings</b>	The average monthly amount going into taxable (non-retirement) accounts such as savings, checking, money-market, brokerage accounts, etc.
<b>Monthly Traditional IRA/401k Savings</b>	The monthly amount going into pre-tax retirement accounts such as a Defined Contribution Pension, Traditional IRA, 401(k), 403(b), etc. This should include any employer contributions that are anticipated to be vested before retirement.
<b>Probability of Running out of Money</b>	The probability that one (or both clients if married) outlive their assets.
<b>Rainy Day Money</b>	The number of month's it would take a working client to find a job if they found themselves unemployed. Typical entries are 3 to 12 months.
<b>Retirement Age</b>	The age when the client plans to retire, or stop saving money and begin drawing funds from their assets to cover living expenses.
<b>Roth IRA/401k Assets</b>	All Roth style retirement accounts, such as Roth IRA, Roth 401(k), etc. should be included.
<b>Taxable Assets</b>	All investible assets in taxable accounts, such as brokerage, checking, and savings accounts. Do NOT include retirement accounts (IRA, 401k, etc.) or illiquid assets such as real estate, life insurance, or personal business.
<b>Tolerisk Score</b>	The lower of your current Ability Score and your Willingness Score. This is recommended risk directive for the client's holistic asset allocation. It is calibrated to be the numerator in a simple stocks/bonds benchmark.
<b>Traditional IRA/401k Assets</b>	All pre-tax retirement accounts, such as a Defined Contribution Pension, Traditional IRA, 401(k), 403(b), etc. are included.
<b>Willingness Score</b>	This is the client's estimated willingness to accept market risk in their portfolio. It is based on the answers to the series of psychometric questions compared to those of the general population. The Willingness Score is calibrated to equate to the numerator in a simple stocks/bonds ratio.

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Client:  
Risk Assessment Name:  
Risk Assessment By:  
Type:

John Smith  
Sample Assessment  
Joe Advisor - Financial Advisor  
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## 15. Advisor Disclosure

These are my firm's disclosures.

This report is not complete without the accompanying disclosure pages.

**Sample Assessment**

John Smith

**Joe Advisor - Financial Advisor**

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