

SkimmU



theSkimm on
Investing 101

Worksheets to help you live your smartest financial life

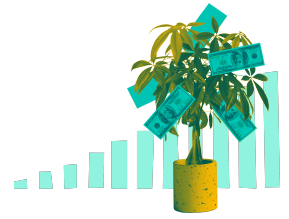


Presented by  **Fidelity**
INVESTMENTS

How Much Can You Afford to Invest?

INVESTING 101

How Comfortable Are You With Risk?

**What's theSkimm of this exercise?**

To understand how you feel about the idea of losing money. Because all investing involves some risk. Knowing that can help you decide how to invest.

Here's how this is gonna go:

This isn't like a regular quiz where you get results now (it's a cool quiz). Bring your answers to class, where we'll talk about how they should shape your investing strategy.

1. Let's play a word-association game. When you think about risk, which words come to mind?

- A. Danger and loss
- B. Uncertainty and nervousness
- C. Hope and potential
- D. Excitement and reward

2. If your investments dropped 10% in one day, what would you do?

- A. I'd freak out and probably not sleep that night. Aaaaand I might sell my stocks to avoid losing even more money later.
- B. I'd be a little nervous but not enough to do anything about it. I'd assume I'd make the money back before I needed it.
- C. I'd probably invest more while stocks were cheap. The market always rebounds over time.

3. What's the worst one-day decline in your investment balance that you could stomach before never investing again?

- A. 10%-20%
- B. 20%-30%
- C. More than 30%

4. When will you need the money you're investing?

- A. Within the next 1-5 years
- B. Between 5-10 years
- C. Not for 10+ years