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13-Item Risk Tolerance Scale

(developed by Dr. John Grable & Dr. Ruth Lytton)

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1. **In general, how would your best friend describe you as a risk taker?**
   - **a.** A real gambler
   - **b.** Willing to take risks after completing adequate research
   - **c.** Cautious
   - **d.** A real risk avoider

2. **You are on a TV game show and can choose one of the following; which would you take?**
   - **a.** $1,000 in cash
   - **b.** A 50% chance at winning $5,000
   - **c.** A 25% chance at winning $10,000
   - **d.** A 5% chance at winning $100,000

3. **You have just finished saving for a "once-in-a-lifetime" vacation. Three weeks before you plan to leave, you lose your job. You would:**
   - **a.** Cancel the vacation
   - **b.** Take a much more modest vacation
   - **c.** Go as scheduled, reasoning that you need the time to prepare for a job search
   - **d.** Extend your vacation, because this might be your last chance to go first-class

4. **If you unexpectedly received $20,000 to *invest,* what would you do?**
   - **a.** Deposit it in a bank account, money market account, or insured CD
   - **b.** Invest it in safe high-quality bonds or bond mutual funds
   - **c.** Invest it in stocks or stock mutual funds

5. **In terms of experience, how comfortable are you investing in stocks or stock mutual funds?**
   - **a.** Not at all comfortable
   - **b.** Somewhat comfortable
   - **c.** Very Comfortable

6. **When you think of the word "risk," which of the following words comes to mind first?**
   - **a.** Loss
   - **b.** Uncertainty
   - **c.** Opportunity
   - **d.** Thrill

7. **Some experts are predicting prices of assets such as gold, jewels, collectibles, and real estate (hard assets) to increase in value; bond prices may fall, however, experts tend to agree that government bonds are relatively safe. Most of your investment assets are now in high-interest government bonds. What would you do?**
   - **a.** Hold the bonds
   - **b.** Sell the bonds, put half the proceeds into money market accounts, and the other half into hard assets
   - **c.** Sell the bonds and put the total proceeds into hard assets
   - **d.** Sell the bonds, put all the money into hard assets, and borrow additional money to buy more

8. **Given the best and worst case returns of the four investment choices below, which would you prefer?**

Source: Grable, J. E., & Lytton, R. H. (1999). Financial risk tolerance revisited: The development of a risk assessment instrument. *Financial Services Review, 8,* 163 – 181.

- **a.** $200 gain best case; $0 gain/loss worst case
- **b.** $800 gain best case, $200 loss worst case
- **c.** $2,600 gain best case, $800 loss worst case
- **d.** $4,800 gain best case, $2,400 loss worst case

9. In addition to whatever you own, you have been given $1,000. You are now asked to choose between:

- **a.** A sure gain of $500
- **b.** A 50% chance to gain $1,000 and a 50% chance to gain nothing.

10. In addition to whatever you own, you have been given $2,000. You are now asked to choose between

- **a.** A sure loss of $500
- **b.** A 50% chance to lose $1,000 and a 50% chance to lose nothing.

11. Suppose a relative left you an inheritance of $100,000, stipulating in the will that you invest ALL the money in ONE of the following choices. Which one would you select?

- **a.** A savings account or money market mutual fund
- **b.** A mutual fund that owns stocks and bonds
- **c.** A portfolio of 15 common stocks
- **d.** Commodities like gold, silver, and oil

12. If you had to invest $20,000, which of the following investment choices would you find most appealing?

- **a.** 60% in low-risk investments, 30% in medium-risk investments, 10% in high-risk investments
- **b.** 30% in low-risk investments, 40% in medium-risk investments, 30% in high-risk investments
- **c.** 10% in low-risk investments, 40% in medium-risk investments, 50% in high-risk investments

13. Your trusted friend and neighbor, an experienced geologist, is putting together a group of investors to fund an exploratory gold mining venture. The venture could pay back 50 to 100 times the investment if successful. If the mine is a bust, the entire investment is worthless. Your friend estimates the chance of success is only 20%. If you had the money, how much would you invest?

- **a.** Nothing
- **b.** One month’s salary
- **c.** Three month’s salary
- d. Six month’s salary

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Scoring

1.	A = 4	B = 3	C = 2	D = 1
2.	A = 1	B = 2	C = 3	D = 4
3.	A = 1	B = 2	C = 3	D = 4
4.	A = 1	B = 2	C = 3	
5.	A = 1	B = 2	C = 3	
6.	A = 1	B = 2	C = 3	D = 4
7.	A = 1	B = 2	C = 3	D = 4
8.	A = 1	B = 2	C = 3	D = 4
9.	A = 1	B = 3*		
10.	A = 1	B = 3		
11.	A = 1	B = 2	C = 3	D = 4
12.	A = 1	B = 2	C = 3	D = 4
13.	A = 1	B = 2	C = 3	D = 4

* Answers to questions 9 and 10 can be averaged to obtain a combined score.

SCORE	LEVEL
33 – 47	High tolerance for risk
29 – 32	Above-average tolerance for risk
23 – 28	Average/moderate tolerance for risk
19 – 22	Below-average tolerance for risk
0 – 18	Low tolerance for risk

To contribute to the University of Missouri's Personal Financial Planning study on measuring financial risk tolerance, you can enter results anonymously at this website: http://pfp.missouri.edu/research_IRTA.html

Source: Grable, J. E., & Lytton, R. H. (1999). Financial risk tolerance revisited: The development of a risk assessment instrument. *Financial Services Review, 8,* 163 – 181.