

# Client Discovery

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These questions are designed to help you...

**Clarify** your financial goals

**Confirm** your investment time horizon

**Discover** your tolerance for loss

## PART 1: TELL US ABOUT YOURSELF

PREPARED FOR \_\_\_\_\_

1. What prompted you to seek guidance and/or more information on financial and investment matters?

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2. What is important about money to you? Why?

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3. What are your primary financial goals and objectives?

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4. Where would you like to be five years from now?

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Additional concerns or comments:

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## PART 2: TELL US ABOUT YOUR INVESTMENT GOALS

### 1. Which of the following best describes your primary investment goal?

- a.  My goal is preserving the real (inflation-projected) value of my investment. I am not concerned with outperforming the market.
- b.  My goal is generating current income. I am not concerned with growing the value of my investment.
- c.  My goal is a combination of generating current income and growing the value of my investment.
- d.  My goal is growing the value of my investment, and I am willing to tolerate sizeable losses in some years.

### 2. What is the time horizon for your investment?

- a.  1 – 3 years: These investments need to remain very liquid.
- b.  3 – 5 years: I can only tolerate a small amount of volatility.
- c.  5 – 10 years: I can tolerate a moderate amount of volatility.
- d.  Over 10 years: These assets are invested for the long term and I can tolerate short-term fluctuations in value.

### 3. The assets considered for investments are what percentage of your total investable assets?

- a.  More than 75%
- b.  50% – 75%
- c.  25% – 50%
- d.  Less than 25%

### 4. Please choose the phrase that best describes the degree to which you will rely on these assets.

- a.  These investments are crucial to my current and future financial well being; I have few other assets or sources of current and future income.
- b.  While these assets are a significant portion of my wealth, I have other assets and additional sources of current and future income.
- c.  While these investments are an important portion of my wealth, I have considerable additional assets and other significant sources of current and future income.
- d.  This investment is fairly small in relation to my overall wealth and my other sources of current and future income.

## PART 2: TELL US ABOUT YOUR INVESTMENT GOALS

5. How likely is it that you will need to withdraw a significant portion of these assets prior to your planned time horizon to pay for a home, education or for some other purpose?

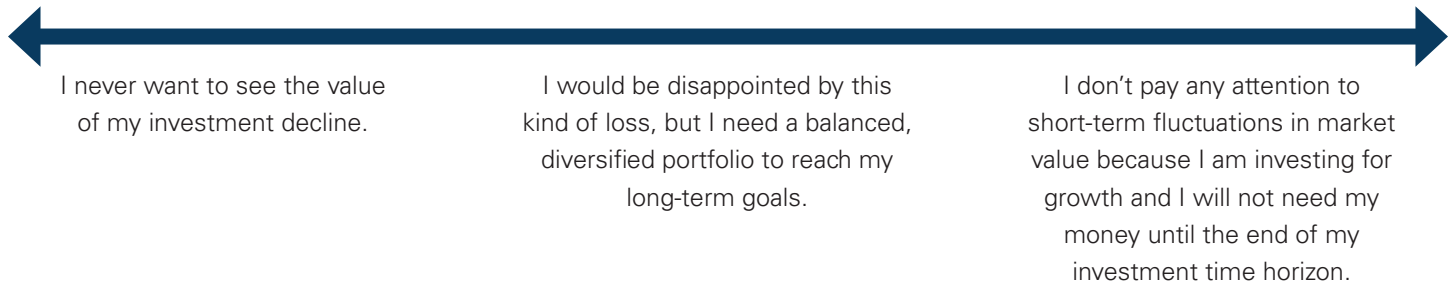
- a.  I will definitely be withdrawing assets
- b.  There is a strong chance
- c.  It is possible, but not likely
- d.  There is little to no chance

6. If you do expect to withdraw a significant portion of your account, when is it likely to be?

- a.  Immediately or very soon
- b.  Within 5 years
- c.  Within 5 – 10 years
- d.  More than 10 years from now

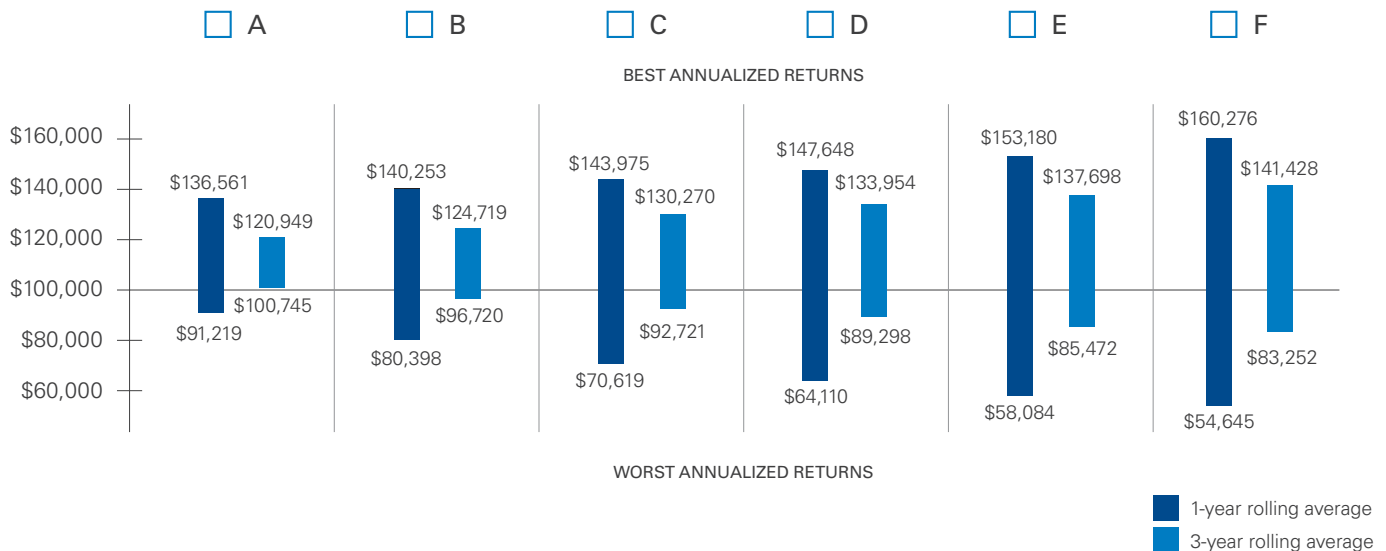
7. Assume your investment time horizon is more than ten years. During the second year of investment, your portfolio declines to less than its initial value. Where would you place your reaction along the following scale?

- a  Extremely concerned    b  Very concerned    c  Somewhat concerned    d  Concerned    e  Not very concerned    f  Not concerned



## PART 2: TELL US ABOUT YOUR INVESTMENT GOALS

8. Illustrated below is the range of annualized returns from best to worst for both one-year and three-year periods, from January 1979 through December 2012, for six hypothetical portfolios in which \$100,000 was invested.\* Considering the range of returns and the downside risk associated with each portfolio, which do you feel would be the most appropriate for you?



\*The returns are rolling 12-month and 36-month averages from January 1, 1979 through December 31, 2012 for six hypothetical multi-asset class portfolios along the risk-return spectrum ranging from conservative to maximum growth. These returns do not reflect the performance of actual investment accounts, and are presented for illustrative purposes only. Past performance is not indicative of future results.

9. If you made a long-term investment of \$100,000, how much loss in a single year would you withstand before selling?

- a.  5%, or \$5,000 on a \$100,000 investment.
- b.  10%, or \$10,000 on a \$100,000 investment.
- c.  20%, or \$20,000 on a \$100,000 investment.
- d.  I would not sell my investments based on a single-year loss.

10. Suppose that your portfolio lost a significant amount of value over a two- to three-year period. What action would you take?

- a.  Move my investments to a very conservative portfolio to avoid losing more money.
- b.  Move some of my assets to more conservative investments.
- c.  Maintain my present disciplined, long-term strategy.
- d.  Develop a more aggressive strategy to recover my losses.

## PART 3: TELL US ABOUT YOUR MAXIMUM LOSS THRESHOLD

1. While it's very important to understand how you feel about the typical ups and downs of the markets (average volatility), it's also important to understand how you feel about large declines. Behavioral research shows that large declines historically have caused many investors to lose confidence and not only leave the market at the worst possible times, but also wait too long to return to investing. Since it is impossible to perfectly time the market, our shared goal is to help you stay the course and, over the long term, grow your wealth. A clear understanding of your "maximum loss threshold" will help you stay the course when markets decline sharply.

a. How much could your investable assets decline, with no relief in sight, before you felt compelled to exit the market completely? \$ \_\_\_\_\_

b. How much do you have in total investable assets? \$ \_\_\_\_\_

## PART 4: TELL US ABOUT YOUR FINANCES

### INCOME

Your current annual income (including bonuses, commissions, dividends, interest, rental income, small business, etc.)?

\$ \_\_\_\_\_

Does your income fluctuate on an annual basis (due to commissions, bonuses, etc.)?

Yes, by this amount: \$ \_\_\_\_\_  No

Do you expect your annual income to change in the next five years beyond a normal cost-of-living adjustment?

Yes, by this amount: \$ \_\_\_\_\_  No

### SAVINGS

Outside your company retirement/savings plan, how much did you save last year?

\$ \_\_\_\_\_

Do you expect to save a similar amount each year for the next few years?

Yes

No, I expect to save this amount each year: \$ \_\_\_\_\_

### TAX INFORMATION

What is your current marginal federal tax rate?

10%  15%  25%  28%  33%  35%

To what state do you pay income tax? \_\_\_\_\_

What is your current marginal state tax rate? \_\_\_\_\_%



## PART 4: TELL US ABOUT YOUR FINANCES

### ASSETS

Please provide a summary of your assets and rank your investment experience within each asset category on a scale from 0 to 5, where a rank of 0 indicates no experience and 5 indicates a high level of experience.

Category (Self, Spouse, etc.)				Rank your experience Scale of 0 to 5
Retirement Plans	\$	\$	\$	
Savings, CD, MM	\$	\$	\$	
Corporate Bonds	\$	\$	\$	
Municipal Bonds	\$	\$	\$	
US Stocks	\$	\$	\$	
International Stocks	\$	\$	\$	
Mutual Funds	\$	\$	\$	
<i>US Stocks</i>	\$	\$	\$	
<i>US Bonds</i>	\$	\$	\$	
<i>International Stocks</i>	\$	\$	\$	
<i>Other</i>	\$	\$	\$	
Investment Real Estate	\$	\$	\$	
Other Investments	\$	\$	\$	

### LIABILITIES

Category (Self, Spouse, etc.)			
Mortgage	\$	\$	\$
Credit Cards	\$	\$	\$
Auto Loans	\$	\$	\$
Personal Budget Loan	\$	\$	\$
Other	\$	\$	\$

## PART 5: INVESTOR INFORMATION

### INVESTOR / TRUSTEE INFORMATION

NAME

DATE OF BIRTH

MAILING ADDRESS

CITY

STATE

ZIP

HOME ADDRESS *(REQUIRED IF DIFFERENT FROM MAILING ADDRESS OR IF MAILING ADDRESS IS A POST OFFICE BOX)*

HOME PHONE

CITY

STATE

ZIP

EMAIL ADDRESS

COUNTRY OF LEGAL RESIDENCE

Where would you like us to send your mail?  HOME  BUSINESS  ALTERNATE *(Please provide below)*

ALTERNATE ADDRESS

CITY

STATE

ZIP

Tax ID# *(Trust Accounts)*

Government ID Information

DRIVERS LICENSE

PASSPORT

OTHER GOVERNMENT ISSUE ID

NAME ON UNEXPIRED GOVERNMENT ID

STATE/PROVINCE OF ISSUE

DATE OF ISSUE

DATE OF EXPIRATION

UNEXPIRED GOVERNMENT ID NUMBER

### EMPLOYMENT INFORMATION

EMPLOYED  SELF-EMPLOYED  UNEMPLOYED  HOMEMAKER  RETIRED IF RETIRED, PROVIDE YOUR RETIREMENT AGE \_\_\_\_\_

EMPLOYER

YEARS WITH EMPLOYER

BUSINESS PHONE

BUSINESS ADDRESS

OCCUPATION

CITY

STATE

ZIP

Specify any publicly traded company of which you are a director, 10% shareholder or policy-making officer.

Specify any securities firm with which you are affiliated.

## PART 5: INVESTOR INFORMATION

### BENEFICIARY INFORMATION (IRA ACCOUNTS ONLY)

PRIMARY  CONTINGENT GENDER  M  F

NAME

DATE OF BIRTH

RELATIONSHIP

PERCENTAGE

MAILING ADDRESS

CITY

STATE

ZIP

PRIMARY  CONTINGENT GENDER  M  F

NAME

DATE OF BIRTH

RELATIONSHIP

PERCENTAGE

MAILING ADDRESS

CITY

STATE

ZIP

PRIMARY  CONTINGENT GENDER  M  F

NAME

DATE OF BIRTH

RELATIONSHIP

PERCENTAGE

MAILING ADDRESS

CITY

STATE

ZIP

### DEPENDENTS

NAME

AGE

NAME

AGE

NAME

AGE

### OTHER FINANCIAL ADVISORS

ADVISOR NAME

PHONE

MAILING ADDRESS

CITY

STATE

ZIP

ATTORNEY NAME

PHONE

MAILING ADDRESS

CITY

STATE

ZIP

## PART 6: JOINT ACCOUNT INFORMATION

### JOINT ACCOUNT / TRUSTEE INFORMATION (IF APPLICABLE)

NAME

DATE OF BIRTH

MAILING ADDRESS

CITY

STATE

ZIP

HOME ADDRESS *(REQUIRED IF DIFFERENT FROM MAILING ADDRESS OR IF MAILING ADDRESS IS A POST OFFICE BOX)*

HOME PHONE

CITY

STATE

ZIP

EMAIL ADDRESS

COUNTRY OF LEGAL RESIDENCE

Tax ID# *(Trust Accounts)*

Government ID Information

DRIVERS LICENSE

PASSPORT

OTHER GOVERNMENT ISSUE ID

NAME ON UNEXPIRED GOVERNMENT ID

STATE/PROVINCE OF ISSUE

DATE OF ISSUE

DATE OF EXPIRATION

UNEXPIRED GOVERNMENT ID NUMBER

### JOINT ACCOUNT EMPLOYMENT INFORMATION

EMPLOYED  SELF-EMPLOYED  UNEMPLOYED  HOMEMAKER  RETIRED IF RETIRED, PROVIDE YOUR RETIREMENT AGE \_\_\_\_\_

EMPLOYER

YEARS WITH EMPLOYER

BUSINESS PHONE

BUSINESS ADDRESS

OCCUPATION

CITY

STATE

ZIP

Specify any publicly traded company of which you are a director, 10% shareholder or policy-making officer.

Specify any securities firm with which you are affiliated.

## PART 7: SCORE CARD

In this section, we rely on the answers that were provided to suggest a risk profile that fits your client's particular needs. Each answer to questions 1 through 10 has points associated with it. Simply circle the values for each answer in the table below, then add them up to arrive at the total score.

Questions	Answers						Score
1	a. 8	b. 20	c. 35	d. 45			
2	a. 8	b. 20	c. 35	d. 45			
3	a. 8	b. 20	c. 35	d. 45			
4	a. 8	b. 20	c. 35	d. 45			
5	a. -10	b. -5	c. -2.5	d. 0			
6	a. -10	b. -5	c. -2.5	d. 0			
7	a. 10	b. 20	c. 30	d. 40	e. 50	f. 60	
8	a. 10	b. 20	c. 30	d. 40	e. 50	f. 60	
9	a. -10	b. -5	c. -2.5	d. 0			
10	a. -10	b. -5	c. 0	d. 5			
Total							

Use the computed score to find your client's suggested risk profile in the table below.

RISK PROFILE	SCORE	RISK PROFILE	SCORE
Less than 113 points	<b>Risk Profile 1</b>	Between 163 & 182 points	<b>Risk Profile 4</b>
Between 113 & 142 points	<b>Risk Profile 2</b>	Between 183 & 212 points	<b>Risk Profile 5</b>
Between 143 & 162 points	<b>Risk Profile 3</b>	213 or more points	<b>Risk Profile 6</b>

**PART 8: INVESTOR / TRUSTEE SIGNATURES**

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SIGNATURE

DATE

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SIGNATURE

DATE





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