



My Optimal Asset Allocation Analyzer (MOAAA®)

Where should your investments be along the broad spectrum of all possible investments, and where do you feel most comfortable along that spectrum? *My Optimal Asset Allocation Analyzer (MOAAA®)* can help you find out.

Risk Tolerance/Preference

To become a better investor, you need to know your risk tolerance and then tailor your portfolio to match it. One of the most common mistakes investors of all experience levels make is not having a portfolio that accurately and honestly reflects their personal feelings as well as their financial needs and goals. You may convince yourself that you are okay with having an aggressive stock portfolio when the market is up, but find that you cannot handle the exaggerated losses that come during an extended correction or major stock market crash (as happened in 2008).

To address these challenges InvestBetterSpendSmarter.com (IBSS) has created "My Optimal Asset Allocation Analyzer (MOAAA®)," a proprietary analysis tool to help you determine your best portfolio choice(s) from among our **TSOA Freedom Retirement Portfolios** or other similar portfolio choices. It is based on Jim Tso's 35+ years of experience and the ideas of many professionals who practice financial planning and optimal asset allocation. The tool addresses where your investments should be and also incorporates your level of risk tolerance and risk preference.

MOAAA® is Simple to Use

Don't let the long name of our asset allocation tool scare you. To use it, you do not have to know any scientific formulas or understand complex economic theory. All you have to do is answer a few simple multiple choice questions. There are no right or wrong answers.

MOAAA® uses some carefully conceived questions to cover the different characteristics that are most important in determining your investor profile and the type of portfolio that may work best for you. My Optimal Asset Allocation Analyzer assigns 1-5 points for each answer you provide. After you answer all of the questions, you total up the points and come up with a final score. Using the key at the end of the questionnaire, you match your score with one of five different portfolios.



A higher score indicates that you are best suited for an aggressive portfolio, while a lower score suggests that you should be in a low-risk, conservative portfolio. This process will help you to have confidence in the portfolio that may best serve you. However, if you have a strong preference to be even more aggressive or more conservative, you can also use the results as a baseline and override them to select a portfolio you prefer. In many cases, investors also choose more than one portfolio for different accounts to meet different goals.

How MOAAA[®] Helps

You will find that our MOAAA[®] is a unique tool to motivate you to conduct further research and help you better understand your present (and projected future) personal financial situation. It can be the beginning of a process to stimulate conversations you may have with a trusted financial advisor in order to achieve your optimal asset allocation. OR, it can help if you choose to self-direct your own portfolio management and thereby achieve tremendous savings in your financial advisory/money management costs. Once you learn how simple MOAAA[®] is to apply and why it is smart for you to use it, you can save thousands of dollars in fees each and every year that a financial advisor would charge to apply essentially the same methodology to manage your investment portfolio(s). ***Would the extra thousands of dollars in savings make a difference in your life?***

MOAAA[®] can be applied to any accounts, whether they are employer-sponsored retirement accounts, IRA Rollovers, or taxable accounts at a brokerage firm. The TSOA Freedom Retirement Portfolio model we use to illustrate MOAAA[®] primarily applies to an employer-sponsored retirement account. However, this "TSOA" model can also be used for IRA Rollovers, Self-Employed IRAs, and/or taxable brokerage accounts.

Why not see how this process works now? Use the "My Optimal Asset Allocation Analyzer" (MOAAA[®]) tool on the following pages to get started.

To your best investing,

Jim Tso

My Optimal Asset Allocation Analyzer Tool[©]



Analysis of age, assets, and personal risk tolerance versus personal risk preference and projected spending needs

Instructions:

- Print this questionnaire and circle your answer to each question below.
- Then add up the numbers associated with your answers and compare your total score with the Scoring Key at the end of the questionnaire to determine the best TSOA Freedom Retirement Portfolio model for you based on our MOAAA[©] tool.

1. What is your current age?

<u>0 - 39</u>	<u>40 - 49</u>	<u>50 - 59</u>	<u>60 - 69</u>	<u>70+</u>
(5)	(4)	(3)	(2)	(1)

2. How many more years will you work and contribute to a retirement plan, such as an IRA, 401k, 403b, etc.?

<u>40+</u>	<u>30+</u>	<u>20+</u>	<u>10+</u>	<u>Less than 10</u>
(5)	(4)	(3)	(2)	(1)

3. How well can you recover from a 50% loss of all your assets, including your retirement portfolio(s)?

<u>No problem</u>	<u>Little problem</u>	<u>Some problem</u>	<u>With difficulty</u>	<u>Impossible</u>
(5)	(4)	(3)	(2)	(1)

4. How fearful are you of a 25% drop in the value of your retirement portfolio(s)?

<u>No fear</u>	<u>Little concern</u>	<u>Some concern</u>	<u>Major concern</u>	<u>Cannot accept</u>
(5)	(4)	(3)	(2)	(1)

5. How do you feel about the potential of a 25% gain in the value of your retirement portfolio(s)?

<u>Love it</u>	<u>Very excited</u>	<u>Excited</u>	<u>Concerned /skeptical</u>	<u>Cannot believe it</u>
(5)	(4)	(3)	(2)	(1)

6. What percentage drop in the value of your retirement portfolio(s) will adversely impact your ability to live your desired lifestyle in retirement?

<u>50+%</u>	<u>40-50%</u>	<u>30-40%</u>	<u>20-30%</u>	<u>10-20%</u>
(5)	(4)	(3)	(2)	(1)

7. What is the timeframe that you will need to begin taking money from any of your portfolios (including regular taxable accounts) to support/spend on your needs and wants (discretionary spending)?

<u>15+ years</u>	<u>10-15 years</u>	<u>5-10 years</u>	<u>1-5 years</u>	<u>now</u>
(5)	(4)	(3)	(2)	(1)

8. How much would you need to withdraw from your portfolios each year to meet your needs in retirement? *(Note: Current recommendations are 3-4% per year.)*

<u>0-2%</u>	<u>2-3%</u>	<u>3-4%</u>	<u>4-5%</u>	<u>5+%</u>
(5)	(4)	(3)	(2)	(1)

9. What percentage of your spending needs should your portfolios generate? *(Note: Current recommendations are no more than 25-40% per year.)*

<u>0-10%</u>	<u>10-25%</u>	<u>25-40%</u>	<u>40-50%</u>	<u>50+%</u>
(5)	(4)	(3)	(2)	(1)

10. What is the likelihood that you will not need to (or if you are just starting out, not prefer to) spend any amount from your portfolios?

<u>Most likely</u>	<u>Very likely</u>	<u>Likely</u>	<u>Unlikely (will spend some)</u>	<u>Very unlikely (will spend most of it)</u>
(5)	(4)	(3)	(2)	(1)

11. How desirable is the goal of leaving some of your portfolios for your children and/or grandchildren to inherit?

<u>Of prime importance</u>	<u>Very desirable</u>	<u>Desirable</u>	<u>Not important</u>	<u>Not desirable</u>
(5)	(4)	(3)	(2)	(1)

12. Considering health issues, how many more years do you expect to live?

<u>50+</u>	<u>40-49</u>	<u>30-39</u>	<u>20-29</u>	<u>Less than 20</u>
(5)	(4)	(3)	(2)	(1)

13. How many more years do you expect your spouse or partner (even future) to live? (If you do not have or plan to have a spouse or partner, circle number 3.)

<u>50+</u> (5)	<u>40-49</u> (4)	<u>30-39</u> (3)	<u>20-29</u> (2)	<u>Less than 20</u> (1)
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14. How much do you desire or prefer fast growing, high risk/high reward investments?

Of prime importance	Very desirable	Desirable	Desire only a small portion	Not desirable
<u> </u> (5)	<u> </u> (4)	<u> </u> (3)	<u> </u> (2)	<u> </u> (1)

15. How much do you desire or prefer slow growing, low risk/low reward investments?

Do not want to own any	Prefer a little	Prefer some	Prefer mostly	Only want to own these
<u> </u> (5)	<u> </u> (4)	<u> </u> (3)	<u> </u> (2)	<u> </u> (1)

Add up your score: You can use the format below to help you add up your scores. Then refer to the **Scoring Key** below for the optimal TSOA Freedom Retirement Portfolio model for you. For help, see the Examples on the last two pages of this packet.

5 x _____ = _____
 4 x _____ = _____
 3 x _____ = _____
 2 x _____ = _____
 1 x _____ = _____
 Total = _____

Scoring Key

Total	TSOA Freedom Retirement Portfolios
60-75	Aggressive Growth
50-60	Growth with Value
40-50	Growth with Income
30-40	Retirement Income Cash Flow
15-30	Conservative Income Cash Flow

See our [TSOA Freedom Portfolio Asset Allocation for Retirement Accounts chart](#) for more information on these portfolios.

MOAAA[®] Override and Re-Balancing

Our “My Optimal Asset Allocation Analyzer” (MOAAA[®]) tool identifies your primary investment portfolio strategy. However, if you have many investment goals, it is possible to override your MOAAA[®] results and allocate a portion of your investment dollars to each of the 5 portfolio models.

Example:

Our investor (say, Suzanne) may allocate as follows:

- **30%** of the portfolio to the Conservative Income Cash Flow Portfolio Model for money that she wants to spend in the next 1-3 years
- **20%** to the Retirement Income Cash Flow portfolio for money she hopes to spend in a 3-5 year timeframe
- **30%** in the Growth with Income portfolio for money she wants available in 5-8 years
- **10%** in the Growth with Value portfolio for money she will need in 8-12 years
- **10%** in the Aggressive Growth portfolio for money that she wants to use to help pay for her young grandchildren’s college needs in 15 or more years.

To maximize the benefit of these 5 model portfolios, the investor can re-balance each year by adding or reducing the amount in each model to stay within the original percentages that she desires. This re-balancing helps to reduce the risks in the entire portfolio by moving excessive profits from the more risky portfolios to the more lower risk, lower return portfolios.

The reverse is also true. The investor can re-balance by taking excess money from the conservative portfolios and placing these amounts into the more aggressive portfolios after a year of down stock and/or bond markets. This allows the replacement of the loss amounts in the aggressive portfolios so that the additional funds can be invested to take advantage of a potential rebound.

Overriding and re-balancing get easier the more you use them.

Note: Any annual earnings generated from each portfolio (interest, dividends, capital gains) can be re-invested; or if you choose, you can spend them. Be aware of any tax consequences either way.

Examples Using the MOAAA® Tool

Here are examples of how the “My Optimal Asset Allocation Analyzer®” tool works for two hypothetical investors.

Example #1:

Morgan is 25 years old, has \$2000 in an IRA, and completed the questionnaire as follows:

Question #	Answer	Score
1	0-39	5
2	40+	5
3	Little problem	4
4	No fear	5
5	Very excited	4
6	50+%	5
7	15+ years	5
8	2-3%	4
9	10-25%	4
10	Unlikely (will spend some)	2
11	Desirable	3
12	50+	5
13	50+	5
14	Of prime importance	5
15	Prefer a little	4

Morgan recorded the number of “5’s” circled, multiplied them by 5, and wrote the answer to the right of the = sign. Morgan completed the process for the number of “4’s” circled, then the “3’s” and so forth. The products of the multiplications (40, 20, 3, 2, 0) were added to calculate the total score (65).

$$5 \times \underline{8} = \underline{40}$$

$$4 \times \underline{5} = \underline{20}$$

$$3 \times \underline{1} = \underline{3}$$

$$2 \times \underline{1} = \underline{2}$$

$$1 \times \underline{0} = \underline{0}$$

$$\text{Total} = \underline{65}$$

A total score of 65 would indicate the optimal TSOA Freedom Retirement Portfolio for Morgan is the Aggressive Growth portfolio. However, Morgan may choose to override this choice and use a different portfolio instead to be more conservative due to a personal preference to not assume too much risk.

Example #2:

Taylor is 50 years old, has \$50,000 in retirement accounts, and completed the questionnaire as follows:

Question #	Answer	Score
1	50-59	3
2	10+	2
3	With difficulty	2
4	Major fear	2
5	Concerned/skeptical	2
6	10-20%	1
7	15+ years	5
8	3-4%	3
9	25-40%	3
10	Very unlikely	1
11	Desirable	3
12	40-49	4
13	50+	5
14	Very desirable	4
15	Prefer some	3

5 x 2 = 10

4 x 2 = 8

3 x 5 = 15

2 x 4 = 8

1 x 2 = 2

Total = 43

A total score of 43 would indicate the optimal TSOA Freedom Retirement Portfolio for Taylor is the Growth with Income portfolio. However, Taylor may choose to override this choice and use a different portfolio instead to be more conservative (Retirement Income Cash Flow or Conservative Income Cash Flow) or more aggressive (Growth with Value or Aggressive Growth).

