



Risk Tolerance and Investment Policy Statement

Client Name: _____

Client Name (Co-Account): _____

Tax ID or Associated SSN: _____ **Alt. Tax ID/SSN:** _____

The purpose of this form is to establish a mutual understanding between the Client(s) and Beacon Wealth Consultants, Inc. (Adviser) regarding the investment objectives and philosophy applicable to the Client’s investment Portfolio. This document will:

- Establish reasonable expectations, objectives and guidelines in the investment of the Portfolio’s assets
- Create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Client

The principal reason for developing an initial investment policy and for putting it in writing is to enable the Client and the Adviser to protect the Client’s Portfolio from ad hoc revisions to sound long-term investment strategy. The written investment policy will help the Client maintain a long-term perspective when short-term market movements may be distressing, and the Client’s investment strategy might otherwise be questioned.

This Investment Policy Statement is not a contract. Legal counsel has not reviewed this investment policy statement. This IPS is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Client and the Adviser. The investment policies described in this form should be dynamic. These policies should reflect the Client’s current status and philosophy regarding the investment of the Portfolio. These policies will be reviewed and revised periodically to ensure they adequately reflect any changes related to the Portfolio or to the Client. It is understood that there can be no guarantee about the achievement of the goals or investment objectives outlined herein. It is also important to remember that this is an investment policy, not a comprehensive financial plan.

This Risk Tolerance and Investment Policy Statement applies to the following accounts:

Account Description <small>(John’s IRA, Jill’s Roth, Joint, etc.)</small>	Account Number <small>(If Known)</small>	Program Selection <small>(One Per Account, Minimums Apply)</small>	Estimated Initial Investment	Use Municipal Bonds as Appropriate
		<input type="checkbox"/> Small Account (<\$25,000) <input type="checkbox"/> Mutual Fund / ETF (> \$25,000) <input type="checkbox"/> Core Satellite (>\$150,000) <input type="checkbox"/> Select Equity (>\$500k)		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Small Account (<\$25,000) <input type="checkbox"/> Mutual Fund / ETF (> \$25,000) <input type="checkbox"/> Core Satellite (>\$150,000) <input type="checkbox"/> Select Equity (>\$500k)		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Small Account (<\$25,000) <input type="checkbox"/> Mutual Fund / ETF (> \$25,000) <input type="checkbox"/> Core Satellite (>\$150,000) <input type="checkbox"/> Select Equity (>\$500k)		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Small Account (<\$25,000) <input type="checkbox"/> Mutual Fund / ETF (> \$25,000) <input type="checkbox"/> Core Satellite (>\$150,000) <input type="checkbox"/> Select Equity (>\$500k)		<input type="checkbox"/> Yes <input type="checkbox"/> No

Current Financial Situation

What is your estimated Annual Household Income?

- | | |
|--|--|
| <input type="checkbox"/> None | <input type="checkbox"/> \$250,001 - \$500,000 |
| <input type="checkbox"/> \$0 - \$30,000 | <input type="checkbox"/> \$500,001 - \$1,000,000 |
| <input type="checkbox"/> \$30,001 - \$50,000 | <input type="checkbox"/> \$1,000,001 - \$3,000,000 |
| <input type="checkbox"/> \$50,001 - \$100,000 | <input type="checkbox"/> More than \$3,000,000 |
| <input type="checkbox"/> \$100,001 - \$250,000 | |

What is your State Tax Bracket?

- | | |
|------------------------------|------------------------------------|
| <input type="checkbox"/> 0 % | <input type="checkbox"/> 6 % |
| <input type="checkbox"/> 1 % | <input type="checkbox"/> 7 % |
| <input type="checkbox"/> 2 % | <input type="checkbox"/> 8 % |
| <input type="checkbox"/> 3 % | <input type="checkbox"/> 9 % |
| <input type="checkbox"/> 4 % | <input type="checkbox"/> 10 % |
| <input type="checkbox"/> 5 % | <input type="checkbox"/> Over 10 % |

What is your Federal Tax Bracket?

- | | |
|-------------------------------|-------------------------------|
| <input type="checkbox"/> 0 % | <input type="checkbox"/> 24 % |
| <input type="checkbox"/> 10 % | <input type="checkbox"/> 32 % |
| <input type="checkbox"/> 12 % | <input type="checkbox"/> 35 % |
| <input type="checkbox"/> 22 % | <input type="checkbox"/> 37 % |

What is your main investment objective for this portfolio?

- Save for a specific goal
- Generate current income
- Accumulate assets for retirement
- Grow my assets
- Preserve my assets
- Keep up with inflation

Will you need to make a recurring withdrawal/distribution from one of these accounts in the next 12 months? If so, please estimate the earliest date for the distribution and an estimated amount.

Account	Earliest Date Needed	Estimated Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____

_____ **Dollar Cost Averaging Election.** Invest the accounts listed on the line below in approximately equal installments over a _____ month period. I (we) understand that the performance start date for the account will only begin once the account is fully invested.

Special Instructions and/or All Non-Discretionary securities/funds: _____

Risk Tolerance Questions

1) What is your investment time horizon for this portfolio?

“Investment time Horizon” refers to the number of years you expect the portfolio to be invested before substantial withdrawals will be made from this portfolio

- Withdrawals will begin immediately. (1 point)
- Withdrawals will be needed in approximately 3 years. (4 points)
- Withdrawals will be needed in approximately 5 years. (7 points)
- Withdrawals will be needed in approximately 10 or more years. (10 points)

2) How would you describe your financial “cushion” to meet unexpected emergencies?

- Inadequate. My reserves are insufficient at the present time. (.5point)
- Borderline. I have a modest amount of cash and some insurance. But I may need to dip into my investments or borrow in an emergency. (2 points)
- Adequate. I have ample liquid assets. I have enough insurance and my monthly obligations are manageable. (3.5 points)
- More than adequate. I have more than enough cash in a money market fund or other short-term investments to meet my needs. I may even carry more insurance than I require. (5 points)

3) How do you expect your income will change over the next several years?

- I fear I might lose my job, or I plan to retire. (.5 points)
- I anticipate my income will probably trend downward. (2 points)
- I expect a fairly level income. (3.5 points)
- I anticipate a steadily growing income. (5 points)

4) Which statement best describes your knowledge of investments?

- I know virtually nothing about investing. (.5 points)
- Minimal knowledge. I don’t know much about the financial world. (2 points)
- Somewhat knowledgeable. I have a basic comprehension of investing, but I’d like to know more. (3.5 points)
- Highly knowledgeable. I have a good understanding about how the stock and bond markets work, and I spend considerable time keeping up with financial matters. (5 points)

5) An investment decision involves both returns and risk – the higher the potential for returns, the greater the risk of highly volatile results, including loss. What influences you the most when making an important investment decision?

- I am mostly influenced by the potential loss. (1 point)
- I am more influenced by the potential loss than the potential gain. (4 points)
- I am more influenced by the potential gain than by the potential loss. (7 points)
- I am mostly influenced by the potential gain. (10 points)

6) Which of the following would best describe your reaction to short-term fluctuations in this portfolio?

- I would be extremely uneasy about any fluctuations in value of my investment portfolio. (1 point)
- I would be very concerned about short-term fluctuations in the value of my investment portfolio, but not to the extreme. (4 points)
- I would have some concern about short-term fluctuations in the value of my investment portfolio. (7 points)
- I would have very little concern about short-term fluctuations in the value of my investment portfolio. (10 points)

7) Which statement best reflects your attitude about investing?

- I am unwilling to experience any reduction in the value of my investments. (1 point)
- I can tolerate infrequent, very limited declines (less than 10%) through difficult phases in a stock market cycle. (4 points)
- I can tolerate limited declines (10-20%) through difficult phases in stock market cycle. (7 points)
- I can tolerate periods of moderately negative returns (declines of 20-35%) to achieve potentially higher investment returns and I recognize and accept that negative returns could persist for a year and possibly longer. (8 points)
- I can tolerate periods of significant negative returns (greater than 35%) for the chance to maximize long-term returns and recognize and accept that negative returns could persist for a year and possibly longer. (10 points)

8) When the next downturn in the market comes, how long are you prepared to ride out the declining market?

- Less than 1 year. (1 point)
- Between 1-2 years. (4 points)
- Between 2-3 years. (7 points)
- More than 3 years. (10 points)

Risk Tolerance and Description of Selected Asset Allocation

Total score of questions 1-8: _____

Given the relationship between risk and return, a fundamental step in determining the investment policy for the Portfolio is the determination of an appropriate risk tolerance. There are three primary factors that affect the Client's risk tolerance:

- Financial ability to accept risk within the investment program, and;
- Willingness to accept return volatility
- Time horizon between now and when client anticipates needing to begin withdrawing funds

Taking these three factors into account through the series of questions above, the Client rates their own risk tolerance **as indicated by initials below (Initial next to one only)**:

- _____ **Conservative (6.5-25.5)** - Seeks to protect from losses stemming from both market risk and inflation risk. The portfolio invests primarily in fixed-income securities and has modest equity exposure.
- _____ **Moderately Conservative (26 – 40)** - Seeks moderate capital appreciation and some income while withstanding moderate fluctuations in market value. The portfolio is tilted toward fixed income securities and away from equities.
- _____ **Balanced (40.5 – 50.5)** - Seeks long-term capital appreciation with moderate volatility. The focus is on providing a balanced and varied exposure by investing in both equity and fixed-income securities.
- _____ **Moderately Aggressive (51 - 59)** - Seeks aggressive growth. The portfolio invests primarily in domestic and foreign equities and has modest exposure to fixed income securities. The portfolio can exhibit wide fluctuations in market values, especially over the short term.
- _____ **Aggressive (59.5 – 65)** - Seeks very aggressive growth. The portfolio invests primarily in domestic and foreign equities and can exhibit wide fluctuations in market values, especially over the short-term.

Investment Philosophy, Restrictions & Manager Selection/Termination. The investment managers and underlying investments selected for inclusion in the portfolio shall be screened to exclude ownership of companies that are engaged in business practices and philanthropic activities and/or activism that run counter to biblical principles — on a best-efforts basis. The Investment Committee shall use their professional judgment in the selection,

monitoring, and termination of portfolio holdings and money managers. Additional details are included in our current ADV, available upon request.

Rebalancing. Rebalancing shall occur at the discretion of the Chief Investment Officer based upon several factors including but not limited to: the general dynamics of the equity markets, the levels of cash within the portfolio, tax considerations and the overall cost of rebalancing.

Asset Allocation Approach. We develop strategic asset allocations which represent our baseline, long-term target allocations to broad asset classes. In following our asset allocation process, we strive to achieve superior risk-adjusted returns based on Investment Committee’s views of the macro economy, investment themes, and fundamental and technical analysis. When our research convinces us that a compelling opportunity to increase returns and/or decrease risk exists over the shorter-term (i.e., over a one- to three-year time period), we will actively tilt the portfolio toward the opportunity. However, we do not believe in changing the asset allocation in response to everyday market occurrences or perceived economic shifts. Our allocation philosophy is:

- Small Account Program – Utilizes strategic asset allocation to achieve broad-market exposure. Portfolios are primarily invested in equity and fixed income mutual funds.
- Mutual Fund/ETF Program – Utilizes strategic asset allocation to achieve broad-market exposure with mild equity-to-fixed income and sector tilts. Portfolios are primarily invested in stocks, bonds, and alternative investments via mutual funds, exchange traded products, and closed-end funds.
- Core/Satellite Program – Utilizes both strategic asset allocation and tactical asset allocation via a relative strength investment philosophy. The program has moderate swings in equity-to-fixed income, sector, and alternatives allocations and primarily utilizes mutual funds, exchange traded products, closed-end funds and individual stocks.
- Select Equity Program - Utilizes strategic asset allocation to achieve broad-market exposure with mild equity-to-fixed income and sector tilts. Securities utilized may include, but are not limited to, common stock, exchange traded products, mutual funds, closed-end funds, limited partnership shares, real estate investment trusts (REITs), business development companies (BDCs), preferred stock, and convertible securities.

We have reviewed our risk tolerance and investment policy and understand the risk and return parameters of the proposed investment strategy. We also recognize that this policy assumes at least an investment time horizon as selected in Question 1 of this form. We will notify Beacon Wealth Consultants, Inc. and our Adviser of any changes in our circumstances.

Account Holder Signature

Print Name

Date

Account Holder Signature

Print Name

Date

Adviser Signature

Adviser Name

Date