

Investment Return Needs Worksheet

This worksheet helps you to consider investment return need. Some people need current income from their investments because they need supplemental income for living expenses. Others may not need the cash flow from the investment for many years. In determining investment return needs, don't ignore risk. There can't be high return without assuming high risk. The investment choices are only examples of investments with return characteristics that could help meet investment return needs. Individuals with specific return needs will not necessarily invest exclusively in securities with those same characteristics. Diversifying among different types of securities in the proper proportion will still allow you to meet your return needs, as long as you have identified them properly. Also, mutual funds use a variety of investments to meet specific return objectives.

Check off your need and review the choices that help meet that need.

_____ Current income with very stable principal value

Investment choices: Money market funds, certificates of deposit and short-term bonds offer the most certain annual pay outs plus protection of principal.

_____ High current income (with fluctuating principal value)

Investment choices: Longer-term bonds offer higher annual pay outs, but less protection of principal and little growth potential

_____ Blend of current income and future growth

Investment choices: High-quality dividend-paying stocks offer less certain annual pay outs, since dividends aren't assured, and no principal protection, since stock prices aren't guaranteed, but they offer some growth potential

_____ Future growth with no current income

Investment choices: growth stocks offer the most potential for growth, but rarely pay dividends.

Material provided by Michael P. Griffin.