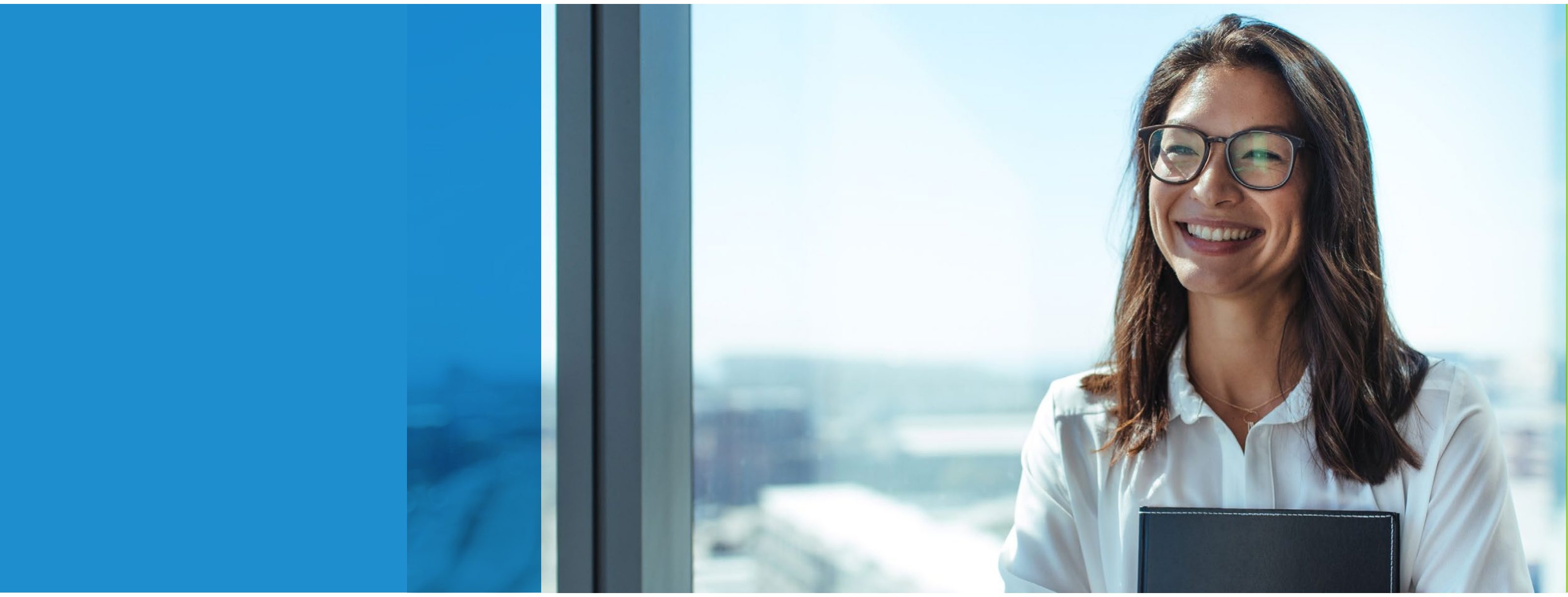
Be an Investor: Tips on Ways Your Money Can Work for You



With few exceptions, the only way for most of us to achieve our financial goals is to save and invest over a long time. Investing allows your money to work harder for you than savings alone. For many, being an investor is the foundation for financial independence and building wealth.

Establish Goals

If you're new to investing or already have some experience, you need to know where you want to go; in other words, determine your goals. Then, match those goals to the right investments.

For example, are you looking to invest long-term, or do you want to generate income? Is it for an emergency fund, retirement, college tuition, renovating, or buying a home? Knowing this will narrow the investment options available and simplify the investing process. Understanding your goals and their different timelines will help determine the amount of risk you can afford to take and which accounts and investments match up.

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Understand Risk

Risk and reward are basic financial relationships characterized as “direct” relationships, meaning an investment with the potential for higher returns usually carries higher risk. Of course, the opposite is also true. Because of the risk-reward trade-off, you must know your personal risk tolerance and find the right balance that works for you.

One strategy to help manage risk is allocating money based on when you need it. This investing approach allows you to create separate portfolio ‘buckets’ for your investing goals, each with a unique goal amount, time horizon, and risk tolerance.

Build an Investment Portfolio

An investment portfolio is a collection of assets. It can include core investments like stocks, bonds, mutual funds, and exchange-traded funds. Portfolios can have other assets, including gold, cryptocurrency, and real estate.

Asset allocation is how investors divide their portfolios among different assets, including stocks, bonds, cash, and equivalents. Diversification is spreading investments among and within different asset classes to take advantage of a broader range of opportunities and never being exposed to the risks of just one investment.*

Maintain a Long-Term Focus

Since buying stocks may provide a more significant opportunity for growing wealth, it is crucial to maintain a long-term focus because of market volatility. Unfortunately, investors often let emotions drive their investment decisions – investing when prices are high and the economy is peaking and selling when prices are low.

Emotional investing can be a bad habit, and kicking it may not be easy. Professional help may be the best way to ensure that logic and strategy outweigh emotion in reaching investment decisions by focusing on the long-term. This means staying in the market regardless of the ups and downs because, over the long-term, the stock market has always recovered from every downturn.

* While diversification through an asset allocation strategy is a valuable technique that can help manage overall portfolio risk and volatility, there is no certainty or assurance that a diversified portfolio will enhance overall return or outperform one not diversified. An investment made according to an asset allocation model neither guarantees a profit nor prevents the possibility of a loss.

If you would like to take advantage of a free consultation with a financial professional, email us at WorkshopSupport@metlife.com. Please include your contact information and company name.

Determine your risk tolerance

Use this tool to help determine your risk tolerance. Individuals should work with their financial professionals to determine their financial strategy. Select the statement that best describes your answer to the following questions. Total your score to find your investment profile.

Points

1. **What is your overall investment objective?**
   - a) Preserving initial investment
   - b) Generating income and achieving slight growth
   - c) Achieving moderate to substantial growth
   - d) Seeking maximum growth
2. **What is your investment time horizon?**
   - a) Less than 5 years
   - b) 6–10 years
   - c) 11–15 years
   - d) More than 16 years
3. **Over the next 10 years, do you expect your income to:**
   - a) Decline (High living and education expenses, retirement, slow economy)?
   - b) Keep pace with inflation?
   - c) Outpace inflation and grow steadily?
   - d) Increase considerably?
4. **If the value of your investments dropped suddenly by 30%, would you:**
   - a) Sell all of your investments and move to cash?
   - b) Transfer some of your money to more conservative investments?
   - c) Do nothing and wait for the value to come back?
   - d) Add to your investments to take advantage of low prices?
5. **You can live off your current savings and investments for:**
   - a) 0–3 months
   - b) 4–6 months
   - c) 7–12 months
   - d) More than 1 year
6. **How much risk are you willing to take to achieve a potentially higher return?**
   - a) None. You are risk-averse
   - b) A little risk. You are somewhat concerned about significant market fluctuations
   - c) Moderate risk. You understand the relationship between risk and reward
   - d) A lot of risk. You can tolerate significant market fluctuations
7. **How knowledgeable do you consider yourself to be about economic issues, personal finance, and investing?**
   - a) Virtually no understanding of the economy, personal finance, and investing
   - b) Not very knowledgeable
   - c) Somewhat knowledgeable
   - d) Very knowledgeable

Your risk tolerance score 0

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What is your investment objective profile?

7–10	11–14	15–18	19–23	24–28
Income with limited growth	Income with moderate growth	Growth and income	Primarily growth	Growth

Income with limited growth 7–10

I am willing to accept a limited risk to my investment principal in this account, even if that means this account does not generate significant returns and may not keep pace with inflation. This objective generally focuses on the generation of current income. Accounts with this objective may be invested primarily in fixed income/bonds, with up to 25% in equities/stocks, but actual investment allocations will differ based on individual goals, concerns, and market conditions. This objective has historically been the most conservative on a relative basis and has exhibited lower volatility than objectives that allocate a greater portion of investments to the equity/stock markets; however, past performance is no guarantee of future results.

Income with moderate growth 11–14

I am willing to accept a relatively low risk to my investment principal and will tolerate some volatility to seek a modest level of income and objective returns. This objective generally focuses on asset appreciation sufficient to offset inflation over time while generating current income. This objective may consist of most fixed income/bonds, with up to 45% in equities/stocks. Still, actual investment allocations will differ based on individual goals, concerns, and market conditions. This objective has historically exhibited modest volatility compared with objectives that allocate a greater portion of investments to the equity/stock markets over time; however, past performance is no guarantee of future results.

Growth and income 15–18

I am willing to accept moderate risk and volatility to my investment principal to seek higher returns. This objective generally targets a balanced asset allocation approach that seeks to provide growth potential and generate interest or dividend income. This objective may consist of up to 65% in equities/stocks, with the remainder in fixed income/bonds. Still, actual investment allocations will differ based on individual goals, concerns, and market conditions. This objective has historically exhibited less overall volatility than objectives that allocate a greater portion of investments to the equity/stock markets over time; however, past performance is no guarantee of future results.

Primarily growth 19–23

I am willing to accept a relatively higher risk to my investment principal, including greater volatility, to seek higher returns over time. This objective generally targets the growth of the portfolio, which may or may not focus on the generation of interest or dividend income. This objective may consist of up to 85% in equities/stocks, with the remainder in fixed income/ bonds. Still, actual investment allocations will differ based on individual goals, concerns, and market conditions. This objective has exhibited greater market value fluctuations than those that allocate a greater portion of investments to fixed-income markets; however, past performance does not guarantee future results.

Growth 24–28

I am willing to accept significant risk to my initial principal to aggressively seek maximum returns. This objective generally seeks maximum growth potential or generation of income from equities or alternative investments. This long-term-oriented objective is typically invested almost entirely in equities/stocks, with the remainder, if any, in fixed income/bonds or alternative investments. However, actual investment allocations will differ based on individual goals, concerns, and market conditions. This objective has historically offered the highest level of risk and widest market value fluctuations compared to other objectives, especially in the short term; however, past performance is no guarantee of future results.

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MetLife Consumer Services, Inc | 200 Park Avenue | New York NY 10166
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