

# Investment Objectives and Experience

Version: 1.00 | Updated: 06/13/2025 10:20 am CDT | Published: 05/28/2025

Tags: Investments Educational

## Understanding Investment Objectives and Experience:

### What They Mean and Why They Matter

When beginning a financial planning relationship or opening a new investment account, clients are typically asked to complete an investment intake form. Two critical sections on that form are Investment Objectives and Investment Experience. These components help financial professionals tailor a strategy that aligns with a client's goals, comfort with risk, and overall financial understanding.

### Investment Objectives: Defining Your Financial Goals

Your investment objective reflects the primary reason you are investing. It sets the tone for the kind of portfolio you should have and influences how aggressive or conservative your strategy should be.

### Income / Retirement Income

- Description: You have or will have a need for regular income from your investments, whether now or in retirement.
- What it means: You're likely interested in dividend-paying stocks, bonds, annuities, or other income-generating assets. You understand that the value of your investments may fluctuate, but consistent income is your top priority.
- Typical investor profile: Retirees or individuals approaching retirement.

### Growth

- Description: You want to increase the overall value of your investments over time and can tolerate market ups and downs.
- What it means: You're aiming for capital appreciation—growing your wealth. Your portfolio may include a higher proportion of stocks or equity-based mutual funds.
- Typical investor profile: Long-term investors who don't need immediate income but want to build wealth over time.

### Aggressive Growth / Speculation

- Description: You are seeking rapid growth and are comfortable with significant market volatility.
- What it means: You're open to high-risk, high-reward opportunities, such as individual stocks, options, or venture capital.
- Typical investor profile: Younger investors, risk-tolerant individuals, or those allocating a portion of their wealth to high-risk strategies.

### Tax Advantages

- Description: Your priority is minimizing your tax burden through your investments.
- What it means: You're likely interested in tax-deferred accounts (like IRAs), municipal bonds, or strategies that reduce taxable income.
- Typical investor profile: High-income earners or those with complex tax situations.

### Other (Specify)

- Description: If your investment goals don't fit neatly into the above categories, this allows you to define your own objective.
- Examples might include: Saving for a home, funding a child's education, or building a charitable trust.
- What it means: This allows for customization and clarity around unique personal goals.

## Investment Experience: Understanding Your Background and Confidence

Just as important as your objectives is your **investment experience**. This helps your advisor understand how much guidance you may need and how complex your portfolio can reasonably be.

### **Experienced**

- Description: You have significant experience managing a broad range of investments, including individual stocks, alternative assets, and portfolio strategies.
- What it means: You are likely comfortable with complex discussions around asset allocation, market cycles, and risk management.
- Typical profile: Long-term investors, financial professionals, or business owners with personal investment portfolios.

### **Moderately Experienced**

- Description: You understand mainstream investment products like mutual funds and ETFs and have made decisions in the past.
- What it means: You may benefit from strategic guidance, but you are capable of engaging in planning conversations and asking informed questions.
- Typical profile: Working professionals managing retirement or brokerage accounts.

### **Moderately Inexperienced**

- Description: You have limited knowledge and rely primarily on your financial advisor's recommendations.
- What it means: You may not be familiar with investing terminology or products, but you're open to learning and value professional guidance.
- Typical profile: Individuals new to investing or those who haven't actively managed their finances.

### **Inexperienced**

- Description: You have little to no investment background and limited understanding of the financial markets.
- What it means: Your advisor should take extra care to explain basic concepts, risks, and the reasoning behind recommended strategies.
- Typical profile: Young investors, recent graduates, or clients who have delegated financial decisions in the past.

## **Why These Questions Matter**

Clearly identifying your investment objectives and experience level ensures your financial advisor builds a portfolio that:

- Aligns with your goals and timeline
- Matches your risk tolerance
- Provides the right level of education and support
- Meets any regulatory suitability requirements

These answers shape not just your portfolio, but also the kind of conversations and recommendations your advisor will provide.

## **Final Thought**

There's no "right" or "wrong" answer when it comes to investment objectives and experience—only the answer that best reflects your reality. The more accurately you communicate your goals and comfort level, the more effective your investment plan will be. And remember: as your life changes, so can your objectives and your experience—so revisit them regularly with your advisor.

***Authored By: Ashley Baucum***

## Related Articles

Permalink to this article: <https://knowledgebase.financialgravityapps.com/home/investment-objectives-and-experience>

---

Investment Advisory Services may be offered through Financial Gravity Asset Management, Inc. (FG Asset Management), an SEC Registered Investment Adviser and/or Financial Gravity Family Office Services, LLC. (FG Family Office Services), an SEC Registered Investment Adviser. Neither FG Asset Management nor FG Family Office Services provides tax or legal advice and is not a certified public accountant.