

Risk Tolerance Questionnaire

Understand your personal relationship with risk

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Why this matters

Risk tolerance is not a fixed trait - it varies across domains, changes with experience, and is influenced by past setbacks, current circumstances, and deeply held values (Weber, Blais and Betz, 2002). Our sense of our own tolerance also shifts with recent gains and losses (Thaler and Johnson, 1990). Understanding where you sit - not where you think you sit - leads to decisions that you can live with when things get difficult. The profile-based approach used here draws on established practice in financial risk profiling and on the behavioural economics literature on risk perception and loss aversion; the structure of Part 3 is adapted from research showing that risk tolerance varies across different areas of life (Weber, Blais and Betz, 2002).

Chapter 2 and the glossary of LIFE: Our Uncertain Experiment distinguish two terms. Risk appetite is the amount and type of risk or loss you are willing to encounter in pursuit of something you want. Risk tolerance is how much risk you can tolerate in a given situation, which may be more or less than your appetite suggests. This questionnaire looks at both, and is best completed before a particular decision distorts the answer.

Your risk appetite: How naturally you seek out or avoid risk across different kinds of decisions.

Your risk resilience: How well you tolerate sustained uncertainty and recover when things go wrong.

Your risk blind spots: Where you may be over- or under-estimating your true tolerance.

How to use this questionnaire

Answer honestly, not aspirationally. Choose the response that reflects how you behave, not how you would like to behave.

Work through it quickly. Your first instinct is usually more accurate than a considered, optimised response.

Complete all three parts. Part 1 uses scenarios, Part 2 uses self-reflection, and Part 3 examines specific domains.

Use the result as a starting point. Your profile is a prompt for self-awareness, not a prescription - and it will change over time.

This questionnaire measures your general risk tolerance as an individual decision-maker. It is not a financial risk assessment and is not intended to guide investment decisions. It is designed to increase self-awareness as part of the decision-making process.

Name:	Date:
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PART 1 How Do You Respond? - Eight Scenarios

Read each scenario carefully. Choose the single response that most accurately describes what you would do - not what you think you should do. Tick your chosen option and write its score (A = 1, B = 2, C = 3, D = 4) in the scores table at the end of Part 1.

Q1

You are offered an exciting new opportunity - more responsibility, better prospects, and 20% higher pay. The catch: you would leave a secure, well-established situation for one that is only three years old, promising but unproven. What do you do?

☐ A	Decline. The security I have now is too valuable to risk.	1
☐ B	Gather much more information and only proceed if I am highly confident.	2
☐ C	Proceed, but negotiate carefully to reduce the downside risk.	3
☐ D	Go for it. The upside justifies accepting the uncertainty.	4

Q2

You have an idea you believe in - a project, a venture, or a significant life change. The most likely outcome is a meaningful positive result, but there's roughly a 1 in 4 chance it won't work and you'll have spent significant time and money. What do you do?

☐ A	Don't pursue it. The chance of failure is too high.	1
☐ B	Pursue a much smaller version of the idea to keep risk minimal.	2
☐ C	Pursue it fully, building in careful checkpoints to reassess.	3
☐ D	Go all-in. The potential upside is worth the risk.	4

Q3

You make a significant decision that turns out worse than expected. It affects something that mattered to you. Which of these best describes how you typically respond?

☐ A	I feel deeply distressed and it takes me a long time to recover.	1
☐ B	I feel upset and spend considerable time second-guessing myself.	2
☐ C	I feel disappointed but recover within a reasonable period and learn from it.	3
☐ D	I accept it relatively quickly. Setbacks are part of life; I move forward.	4

Q4

You face a major decision. You've gathered as much information as you can, but significant unknowns remain. Waiting longer would cost you time and opportunity. How do you typically proceed?

☐ A	I delay the decision until I have much greater certainty.	1
☐ B	I feel very uncomfortable but can eventually decide if the situation demands it.	2
☐ C	I can proceed with moderate uncertainty, trusting the information I have.	3
☐ D	I am comfortable deciding with substantial unknowns. That's normal.	4

Q5

You are considering a decision that is highly reversible - if it doesn't work out, you could change course with relatively low cost. How does this affect your willingness to proceed?

☐ A	It makes little difference. The possibility of failure still concerns me significantly.	1
☐ B	It helps somewhat, but I still prefer to be quite sure before acting.	2
☐ C	Knowing I can reverse it substantially increases my comfort with proceeding.	3
☐ D	Reversibility rarely matters much to me - I'd probably have proceeded either way.	4

Q6

You commit to something that has real uncertainty - a new direction, a project, a relationship. There is no early signal of whether it will work. How long can you comfortably hold that uncertainty before needing resolution?

☐ A	A few weeks at most. I need early reassurance to stay committed.	1
☐ B	A few months, but I need regular positive signals along the way.	2
☐ C	Around 6-12 months. I can hold uncertainty for a meaningful period.	3
☐ D	As long as it takes. I don't need early validation to stay the course.	4

Q7

You face a choice between two options with the same expected outcome overall. Option A gives a guaranteed modest positive result. Option B gives a 50/50 chance of either a very good result or nothing at all. Which do you choose?

☐ A	Always Option A. Certainty is worth far more than the same expected return.	1
☐ B	Usually Option A, unless Option B's upside is clearly and significantly better.	2
☐ C	I weigh both equally. It depends on the context.	3
☐ D	Usually or always Option B. I am drawn to the upside potential.	4

Q8

You make a decision you have thought through carefully and still believe is right. Someone you respect publicly disagrees with it. How do you respond?

☐ A	I feel very uncomfortable and will probably reconsider, even if my reasoning was sound.	1
☐ B	I feel shaken and spend significant time second-guessing my judgement.	2
☐ C	I listen carefully to their reasoning but stay with my decision if I still believe in it.	3
☐ D	Social pressure rarely affects my decisions once I have thought them through.	4

PART 1 SCORES

Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8

PART 2 How Do You See Yourself?

For each statement below, choose the response that most accurately reflects your experience - not the person you aspire to be. SD = Strongly Disagree (1) · D = Disagree (2) · A = Agree (3) · SA = Strongly Agree (4)

Statement	SD (1)	D (2)	A (3)	SA (4)
1. I generally feel more excited than anxious when I face uncertain or unpredictable situations.	☐	☐	☐	☐
2. When a decision does not go as hoped, I usually recover and move forward without dwelling on it for long.	☐	☐	☐	☐
3. I am comfortable acting on incomplete information rather than waiting for greater certainty.	☐	☐	☐	☐
4. I find operating in fast-moving, unpredictable environments energising rather than draining.	☐	☐	☐	☐
5. I regret the things I chose not to do more than the things I did - even when what I did didn't work out.	☐	☐	☐	☐
6. I can make significant commitments without needing guarantees or extensive reassurance first.	☐	☐	☐	☐
7. I believe the most meaningful opportunities in life generally involve accepting real risk.	☐	☐	☐	☐
8. I can maintain my composure and confidence when something I've invested in is not going as planned.	☐	☐	☐	☐

Part 2 total score (add up your responses)

/ 32

PART 3 How Does Your Tolerance Vary by Domain?

Risk tolerance is rarely uniform. Rate your tolerance in each domain below - independently of the others (adapted from Weber, Blais and Betz, 2002). Note: Part 3 is for self-awareness only and is not included in the overall score.

Domain	1 Very low	2 Low	3 Moderate	4 High	5 Very high
Financial <i>Money, investments, career earnings, financial security</i>	☐	☐	☐	☐	☐
Career and professional <i>Job security, reputation, professional decisions and transitions</i>	☐	☐	☐	☐	☐
Relationships <i>Friendships, romantic relationships, family and social bonds</i>	☐	☐	☐	☐	☐
Personal goals <i>New directions, reinvention, personal ambitions and identity</i>	☐	☐	☐	☐	☐
Physical and wellbeing <i>Health decisions, lifestyle choices, physical challenges</i>	☐	☐	☐	☐	☐

SCORING Your Risk Profile

Part 1 score (Scenarios Q1-Q8)	Part 2 score (Self-Assessment S1-S8)	Total score
/ 32	/ 32	/ 64

16-27 Cautious · 28-39 Measured · 40-51 Open · 52-64 Adventurous

THE FOUR RISK PROFILES

Cautious - score 16-27

Security, predictability, and control are central to how you make decisions. You usually prefer a known, modest outcome over an uncertain one, even when the uncertain option might yield better results. The weight of potential loss

feels significant to you. You typically gather extensive information before committing, seek reassurance from others, and feel more comfortable when you can limit your exposure to the unknown.

Key insight: Your caution protects you from poorly considered risks and impulsive decisions. The most useful question for you is often: “Am I avoiding this risk because it is dangerous - or because uncertainty itself feels uncomfortable?”

Useful tools: Risk vs Uncertainty Matrix, Pre-Mortem Template, Bias Awareness Checklist (Status Quo - Samuelson and Zeckhauser, 1988; Loss Aversion - Kahneman and Tversky, 1979)

Measured - score 28-39

You are thoughtful and deliberate about risk. You take it seriously and want to understand what you are getting into before committing. You are willing to accept risk when the benefit clearly justifies it - but you rarely seek it out for its own sake. You usually feel most confident when you have a plan, a fallback option, and some early indication that things are moving in the right direction.

Key insight: Your measured approach leads to well-reasoned decisions. The most useful question for you is: “Is my caution based on analysis - or on a discomfort with uncertainty that I haven’t fully examined?”

Useful tools: Outcome Mapping Tool, Risk Classification Tool, Values Clarification Guide

Open - score 40-51

You are comfortable with a significant degree of uncertainty. You see risk as a natural part of progress and are resilient when things don’t work out as planned. You can hold ambiguity without excessive discomfort and are willing to act before all the information is in. You usually weigh upside potential seriously and are not strongly loss-averse. You may sometimes benefit from slowing down slightly to ensure you have not overlooked important risks.

Key insight: Your openness creates opportunity and momentum. The most useful question for you is: “Am I giving enough weight to the downside - or am I drawn to the upside in ways that might cloud my judgement?”

Useful tools: Risk Classification Tool, Pre-Mortem Template, Bias Awareness Checklist (Optimism, Planning Fallacy - Kahneman, 2011)

Adventurous - score 52-64

You are energised by uncertainty and actively seek out challenge. You accept that losses and setbacks are part of the journey and recover from them quickly. You are comfortable committing without all the answers and are drawn to high-upside possibilities. Social pressure and reputational risk rarely constrain your decisions. The most important check for you is whether your appetite for risk is matched by adequate preparation and a clear-eyed assessment of the downside.

Key insight: Your adventurousness creates energy and opens doors that more cautious approaches miss. The most useful question for you is: “Am I tolerant of this risk - or am I underestimating it because the upside is exciting?”

Useful tools: Pre-Mortem Template, Risk Classification Tool, Bias Awareness Checklist (Overconfidence, Optimism - Kahneman, 2011)

REFLECTION

Does my profile match what I expected?

Which domain shows the biggest difference from my overall score - and why?

Is there a recent decision where my actual behaviour diverged from this profile?

References

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