Active vs. Passive Fund Decision Checklist

	Do You Lean More Toward Active or Passive for This Item?		Mark if this item is a key consideration for you
	Active	Passive	★
Restrictions			
Are you limited to only active or passive funds in the account you are choosing for?	☐	☐	☐
Returns			
Beat the market or get the market's return? (Lean toward active to beat; passive to match)	☐	☐	☐
Can you select managers who will outperform in the future? (Active if yes; passive if no)	☐	☐	☐
Willing to risk the fund underperforming over a period of time in exchange for the possibility of long-term outperformance? (Active if yes; passive if no)	☐	☐	☐
Are you comfortable owning a fund that is more volatile than its category peers? (Active if yes; passive if no or not sure)	☐	☐	☐
Will you periodically check the fund to ensure it still maintains a favorable risk-return potential and hasn't changed its approach? (Active if yes; passive if no or not sure)	☐	☐	☐
Cost			
Is cost important? (Lean toward passive if very important; active otherwise)	☐	☐	☐
Does tax efficiency matter? (Favor passive if yes; active if no)	☐	☐	☐
Types of Investments			
Are you investing in widely followed asset class categories or asset categories that are less followed? (Favor passive for widely followed; active for less popular)	☐	☐	☐

Review your answers to anything noted as being of a big importance. These should significantly influence your decision.
Then, if necessary, count the number of boxes with active or passive checked.
Finally, if there is still not a clear preference, opt for passive unless asset class category is not tracked by an index fund.