on track

FALL 20XX

What Your Plan Gives You

There's a lot to like about your employer-provided retirement plan. Above all else, it offers a simple and convenient way for you to set money aside from your paycheck and invest it so that you'll have a nest egg to help fund your retirement. But you may not be aware of these other benefits you receive when you participate in your employer's retirement savings plan:

You get to choose. You decide how much you want to contribute from every paycheck. And you get to choose how you want that money invested from your plan's investment menu. That way, you can select investments based on your risk and return objectives.

You receive tax benefits. The money you contribute "pretax" is placed in your plan account before income taxes are withheld. Making pretax contributions can lower your current income tax bill. Earnings on your plan investments are also tax deferred. That means that your savings can potentially grow faster than they would in an investment that generates taxable income each year. Your retirement plan savings won't become taxable until they're distributed to you.

You have flexibility. You are never locked into your choices. You can always change the amount you contribute, and you are also free to change the investments you selected for your plan account.

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Dollar-Cost Averaging Can Take the Fear Out of Investing

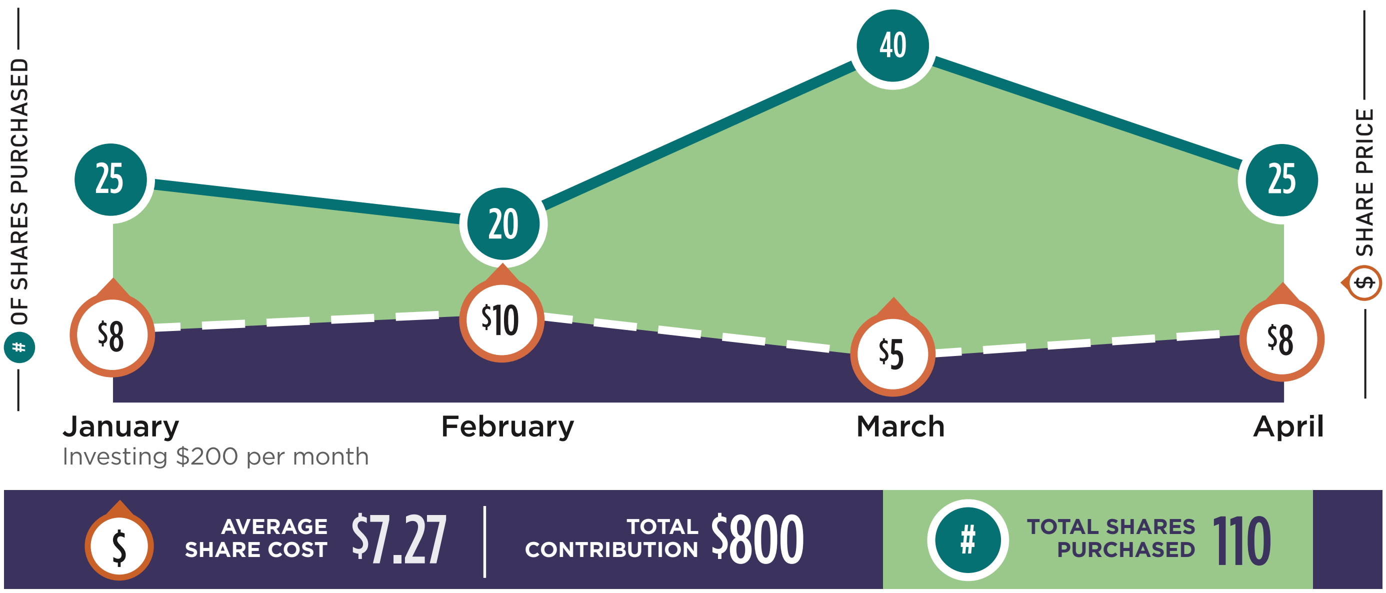
Too many retirement plan investors allow their fear of what might happen to hold them back from investing some of their portfolio in the stock market. They worry about getting in too late if they think the market is near a top. Or, they fear losing money if they get into the market just as it is falling into a protracted decline.

The end result is that these investors keep most of their money in very conservative investments while waiting for the "perfect" opportunity to get into stocks. This is a potential problem, especially for individuals who are investing for a retirement goal that is many years in the future. Although stock investing is risky, not investing at least some of a retirement portfolio in stocks means passing up on their growth potential and the opportunity to earn long-term returns greater than the inflation rate.

If this describes your behavior, know that a strategy called dollar-cost averaging (DCA) can help. It involves investing small amounts in a fund on a regular basis rather than trying to time the market and investing a large amount all at once. As a participant in your retirement savings plan, you automatically benefit from DCA. You contribute to your plan every pay period whether the market is up or down. When prices of the stocks in your fund's portfolio are down, your contribution buys more shares. Your contribution buys fewer shares when prices rise.

This consistent pattern of purchasing shares avoids the risk of making your entire investment at an inopportune time. The chart illustrates how DCA might work over a four-month period (example is hypothetical; actual results will differ).

DOLLAR-COST AVERAGING



Investing regular amounts steadily over time (dollar-cost averaging) may lower your average per-share cost, but this investment method will not guarantee a profit or protect you from a loss in declining markets. Effectiveness requires continuous investment, regardless of fluctuating prices. You should consider your ability to continue buying through periods of low prices.

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