2

The big picture

Paying for retirement is likely to be the biggest expense you'll ever have. Even if you love going to work, chances are you're probably not going to want to do it forever.

This section gives you a snapshot of why it's important to save for retirement.

What the critics are saying

It’s all the buzz

Financial experts say that for every year you’re retired, you’ll need 70% to 85% of your final annual salary to maintain a similar lifestyle. That means if you’re earning $50,000 at the time you retire, you should expect to live on, let’s say, about 80% of that — or $40,000 (.80 x $50,000) — each year you’re in retirement.

Since it’s not unheard of to spend a quarter of your lifetime in retirement, you’re faced with quite the balancing act: enjoying your life today *and* preparing for what may be a very costly tomorrow.

What it will cost

You may have noticed that things get more expensive over time. This is called inflation. While these price increases may not be a big deal today because you still have a paycheck coming in, you’ll need to find ways to stay ahead of inflation when you’re not working.

Movie ticket		Box of popcorn	
1950	$ .50	1950	$ .10
2000	$ 7.00	2000	$ 3.00
2030*	$ 22.70	2030*	$ 9.75

*Assumes a 4% inflation rate until 2030.

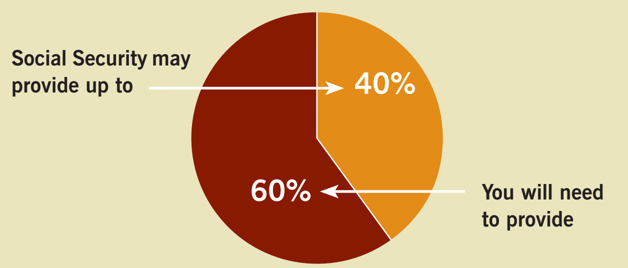
Sources: Average movie ticket prices from Academy of Motion Picture Arts and Sciences and the Motion Picture Association of America. Average popcorn prices from *The American Drive-In Movie Theatre* and Regal Cinemas.

This icon appears throughout the brochure. It lets you know there’s more information on this subject on the **AmericanFundsRetirement.com** website.

What about Social Security?

Social Security was set up as a safety net to supplement your retirement savings. It was never designed to pay for your entire retirement. To determine what your benefits may be, visit the Social Security Administration's website at **www.ssa.gov**. You'll find these benefits are probably not enough — so you'll need to make up the difference.

Retirement costs: You're responsible for most of the bill



Source: Social Security Administration.

Start where you can

Set short-term goals you know you can achieve, regardless of your expenses. Whether it's saving $10 a week, $20 a week, $100 a month or $1,000 a year, start out with something you're sure you can stick to. Once you reach that goal, set a bigger one and challenge yourself to keep saving more. And if you're trying to make up for lost time, starting to save today — whatever you can — puts you well on your way.

Save $20 every two weeks or wait three years?

	Start today	Wait three years	Advantage of starting today
In 5 years	$ 3,201	$ 1,129	$ 2,072
In 10 years	7,973	4,885	3,088
In 20 years	25,695	18,830	6,865
In 30 years	65,087	49,829	15,258

This illustration assumes the hypothetical investment earns an 8% average annual return rate, compounded every two weeks. The return is shown for illustrative purposes only and is not intended to predict the returns of any particular investment, which will fluctuate with market conditions. Your actual results may vary, and regular investing does not ensure a profit or protect against loss in a declining market.

"Life moves pretty fast. If you don't stop and look around once in a while, you could miss it."

A quote from the movie:
Ferris Bueller's Day Off (1986)

It’s easy to start saving

Saving for retirement in your employer’s plan is easier than trying to set aside money on your own. That’s because you get to save through automatic payroll deductions. There’s no paperwork, nothing to remember; just decide how much you can afford to contribute and where you want to invest the money. And saving in your employer’s plan also gives you other incentives, like tax breaks.

Save on taxes today

When you save through your retirement plan, the money can be taken from your paycheck before income taxes are paid. This is known as before-tax saving. The amount you contribute to the plan each year is deducted from your total annual pay, which reduces how much you’re taxed on. For an illustration of this, see the table on page 1.1. What this really means is that Uncle Sam doesn’t get his entire share until you withdraw the money at retirement. Making before-tax contributions to your plan can leave you with more take-home pay today when compared with saving on an after-tax basis or saving outside the plan.

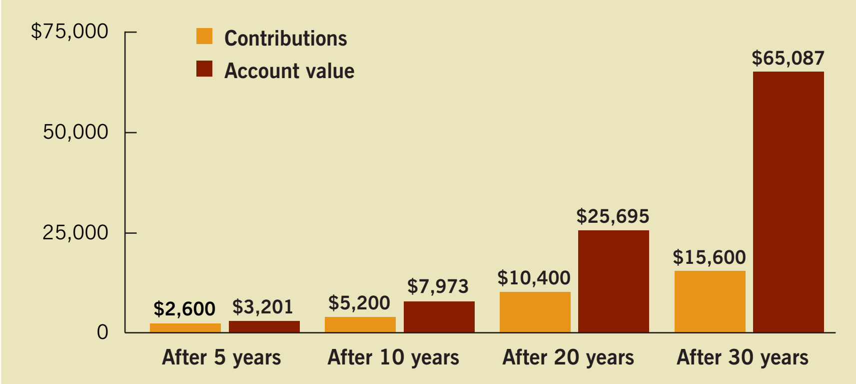
Save on taxes tomorrow

Of course, there can be advantages to saving on an after-tax basis as well. Your employer may give you an opportunity to save money from your paycheck that’s already been taxed. Read the “Your plan features” section to see what types of contributions your employer’s plan offers and any conditions that may apply.

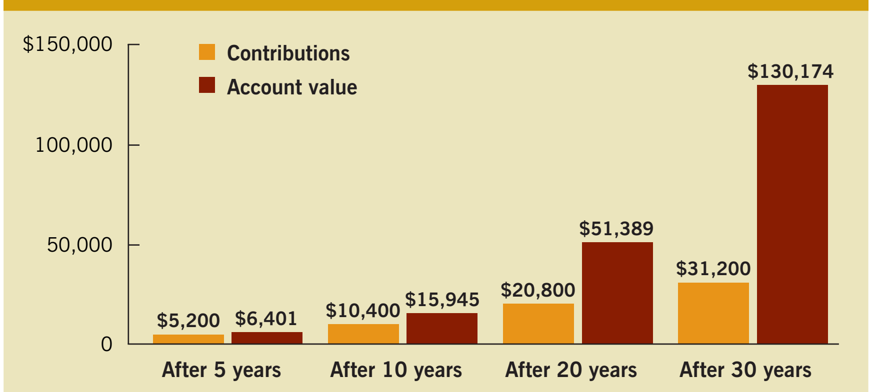
Let compounding do the work for you

As your account balance grows, you're able to make money both on what you've invested and on your earnings. This is known as compounding. Think of it as the opportunity to make money on your money. And no matter how much or how little you contribute, you can see the powerful effects of compounding over time.

$20 every two weeks goes a long way



$40 every two weeks goes even further



These hypothetical examples do not illustrate the actual results of a particular investment. They are based on a $20 and a $40 contribution, respectively, every two weeks to the plan and an 8% average annual return rate, compounded every two weeks. Of course, your actual results may differ, and regular investing does not ensure a profit or protect against loss in a declining market. Typically, money you take out of your plan is subject to ordinary income tax and, if applicable, to an additional 10% federal tax penalty on early withdrawals. Please consult your plan's financial representative for any specific questions you may have about your situation.

> "I like to watch things grow."
>
> A quote from the movie: *Harold and Maude* (1972)

How much can you save?

How do you know if you'll be able to reach your retirement goals? For starters, try this worksheet to get an idea of how much you'll need to save.

You can try an online version of this retirement planning worksheet on your plan's website. Just type "RPC" in the search box.

1. How much money will you need each year you're retired?

Financial experts say you'll need around 70% to 85% of your final income for each year you're retired. Using this worksheet, multiply your current salary by a percentage within that range and enter the result in box No. 1.

Example: .80 x $25,000 = $20,000 (The results in the examples shown in red are rounded to the nearest dollar and closest factor.)

Note: If you expect your expenses to be lower in retirement, multiply your salary by 65%. If you expect you'll need more money, multiply by 100%.

$ ______ **No. 1**

2. Where will the money come from?

Subtract what you expect to receive each year from Social Security and any other sources of income from your answer in box No. 1.

2a. Social Security — Find your current age and the salary amount that is closest to what you currently earn to get an estimate of what amount Social Security may provide to you.

Example: age = 40; salary = $25,000; Social Security = $12,252
(halfway between $10,716 and $13,788)

– $ ______ **No. 2a**

Your age	Your current salary							
	$20,000	**$30,000**	**$40,000**	**$50,000**	**$60,000**	**$70,000**	**$80,000**	**>$90,000**
25	10,956	14,160	17,364	20,124	21,624	23,124	24,624	26,124
30	10,956	14,160	17,364	20,124	21,624	23,124	24,624	26,124
35	10,884	14,040	17,208	20,040	21,516	23,004	24,480	25,968
40	**10,716**	**13,788**	16,860	19,836	21,276	22,728	24,168	25,608
45	10,464	13,428	16,380	19,344	20,940	22,332	23,712	25,104
50	10,164	12,972	15,780	18,588	20,520	21,828	23,148	24,456
55	9,720	12,312	14,892	17,484	19,896	21,108	22,320	23,532
60	9,300	11,676	14,052	16,428	18,804	20,412	21,696	22,824

Source: Social Security Administration. Your actual benefits will depend on your past and future earnings. For a more accurate Social Security calculation, visit **www.ssa.gov/OACT/ANYPIA**.

2b. Other sources — Any expected annual income from other sources, such as part-time work, pensions, annuities, trusts, etc.
Example: $0

– $ ______ No. 2b

2c. Once you've subtracted Social Security (box No. 2a) and other sources of income (box No. 2b) from the amount in box No. 1, enter this amount in box No. 2c. This is what you'll need to save on your own for each year you're retired.
Example: $20,000 (box No. 1) ***– $12,252*** (2a) ***– $0*** (2b) ***= $7,748***

= $ ______ No. 2c

3. How much will you need to have to last you through retirement?

Determine the total amount you'll need for retirement and then try to estimate how inflation will affect that number down the road.

3a. Multiply your answer in box No. 2c by the factor that is closest to the number of years you expect to be retired. This is the amount — in today's dollars — that you'll need to have saved at the beginning of your retirement to allow you to reach the annual savings goal that you calculated in box No. 2c.
Example assumes the 40-year-old spends 20 years in retirement:
$7,748 (2c) ***x*** $\boxed{15.3}$ ***= $118,544***

= $ ______ No. 3a

Years in retirement	10	15	20	25	30	35
Your factor	8.8	12.3	$\boxed{15.3}$	17.9	20.2	22.1

3b. Because the cost of goods and services tends to rise over the years, you'll need to take inflation into account to determine how big your nest egg will have to be to last you through retirement. Use the factor shown below to help you determine the future value of what you may need to save. Multiply the answer in box No. 3a by the factor that is closest to the number of years you have until you retire.
Example assumes the 40-year-old retires at age 60:
$118,544 (3a) ***x*** $\boxed{2.2}$ ***= $260,797***

= $ ______ No. 3b

Years until you retire	5	10	15	20	25	30	35	40
Your factor	1.2	1.5	1.8	$\boxed{2.2}$	2.7	3.2	3.9	4.8

Note: This number may seem alarming, but if you don't factor for inflation, you won't have a realistic perspective of how much you'll need.

continued on next page

4. How much have you already saved?

Determine how much you already have socked away.

4a. Multiply how much you've already saved by the factor below to calculate what your current savings will be worth at retirement. This should include any money in your retirement plan, after-tax savings accounts, IRAs and other retirement savings.

Example: $10,000 x 4.7 = $47,000

– $ ______ **No. 4a**

Years until you retire	5	10	15	20	25	30	35	40
Your factor	1.5	2.2	3.2	4.7	6.8	10.1	14.8	21.7

4b. Subtract 4a from 3b.

Example: $260,797 (3b) ***– $47,000*** (4a) ***= $213,797***

This is the additional amount you still have to save for retirement.

= $ ______ **No. 4b**

5. How much do you need to save each year?

Divide the answer in box No. 4b by the factor that is closest to the number of years you have until you retire.

Example: $213,797 (4b) ***÷ 49.4 = $4,328***

= $ ______ **No. 5**

Years until you retire	5	10	15	20	25	30	35	40
Your factor	6.3	15.6	29.3	49.4	79.0	122.3	186.1	279.8

6. Calculate how much you'll need to save each week to reach your goals.

To estimate, divide your answer in box No. 5 by 52.

Example: $4,328 (5) ***÷ 52 = $83***

$ ______ **No. 6**

This is the amount you may need to save each week.

Don't get discouraged if this number seems unattainable. Investing takes time and discipline. If it means starting with a smaller amount, then so be it. What's important is that you're contributing toward your future — one paycheck at a time.

This worksheet is designed to provide only an estimate of what you may need to save for retirement. This worksheet assumes a 4% inflation rate before and during retirement, an 8% tax-deferred rate of return before retirement (which reflects a portfolio emphasizing stocks), and a 7% tax-deferred rate of return during retirement (which reflects a more conservative portfolio). The actual inflation rate and your actual investment returns will probably differ from those assumed here.

3

Opening credits

Stocks, bonds and cash play leading roles when it comes to investing. We'll give you the lowdown on them in this section and explain how risk and diversification play supporting roles in the plot, too.

In the spotlight

Starring: stocks, bonds and cash

Your plan offers a number of investment choices. Typically, these are mutual funds that are designed to make choosing your investments easier. They pool your money with that of many other people who have similar, or mutual, investment goals. This pool of money is then used to buy combinations of different securities. The three basic types of securities are:

- **Stocks** — When you buy a stock, you become a part-owner in the company that has issued the stock. Investors in stocks generally expect to see their money grow.
- **Bonds** — When you buy a bond, you're essentially giving a loan to a company or the government. The bond is your IOU. Bonds are for investors seeking current income or for those hoping to preserve what they've invested.
- **Cash-equivalent securities** — These are short-term investments like U.S. Treasury bills (T-bills) and certificates of deposit (CDs). Investors use cash equivalents generally to help preserve what they've invested.

Why mutual funds?

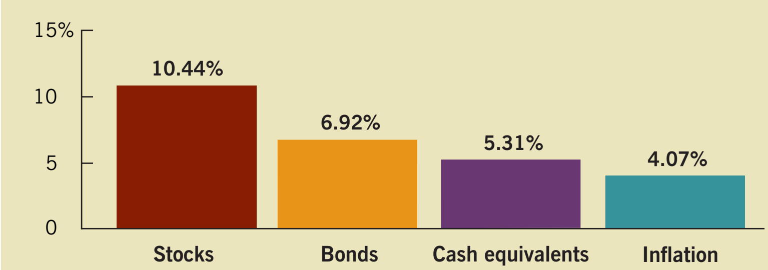
When you invest in a fund, you own a proportionate share of all the investments held in that fund. Investing in a fund gives you more buying power and leaves the selection process to professionals who have the time, expertise and resources to research many more companies than you could probably do on your own.

You should know that investing in mutual funds involves some risk, including possible loss of some of the amount you invested. Your financial representative can help explain these risks further.

Where should you invest?

That answer is different for everyone. Stocks have tended to have the highest returns over the long term, but they fluctuate the most. Bonds, meanwhile, generally have results that go up and down less frequently than stocks while providing some source of income. Cash equivalents fluctuate the least but have tended to have the lowest returns over the years with the least likelihood of beating inflation.

Stocks have had the highest returns over the past 50 years



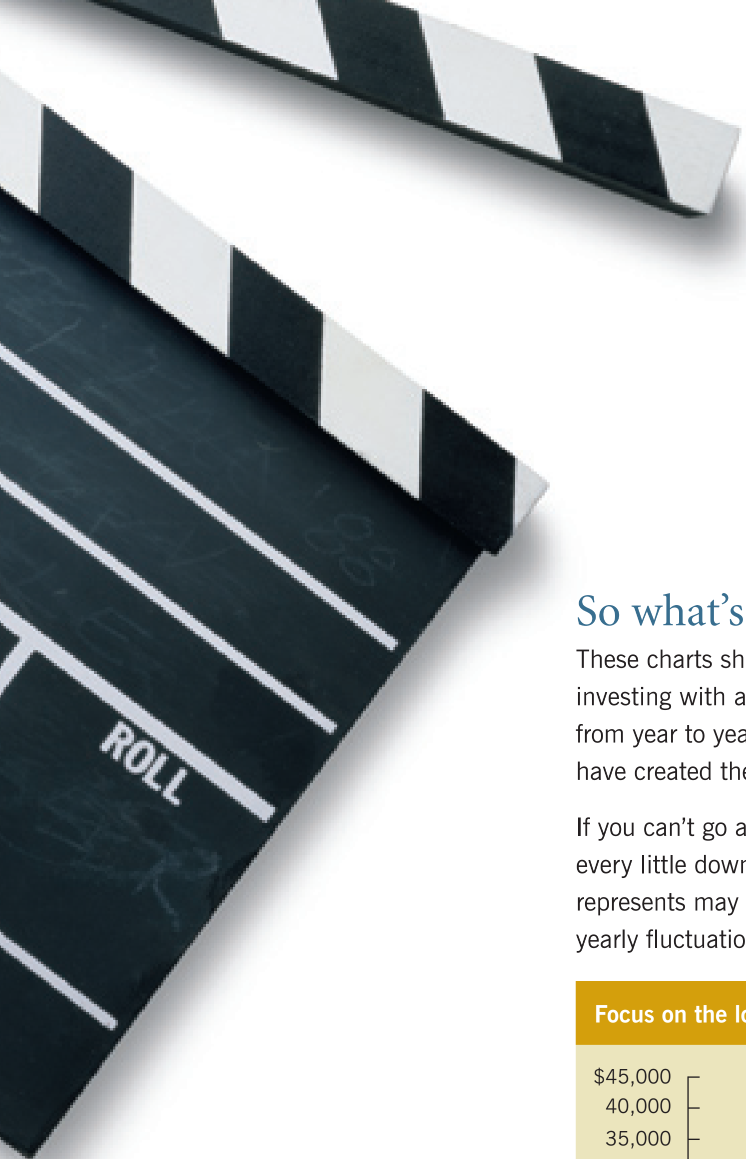
These figures are shown so you can gain some perspective on the results of stocks, bonds, cash equivalents and inflation during the past 50 years. Stocks are represented by the unmanaged Standard & Poor's 500 Composite Index; bonds by the Citigroup High-Grade Corporate Bond Index; and cash equivalents by 30-day U.S. Treasury bills. Data from Ibbotson Associates. Inflation is represented by the Consumer Price Index (U.S. Department of Labor, Bureau of Labor Statistics). Returns reflect average annualized returns over the 50-year period ended 12/31/05. Past results are not indicative of future results of any investment. Unlike mutual fund shares, U.S. Treasury bills are guaranteed. The return of principal in bond funds and in a fund's bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the fund.

You need some perspective

There's no denying that investing has its ups and downs. One of the keys to a solid investment strategy is setting long-term goals. Viewed from this standpoint, the day-to-day fluctuations shouldn't matter as much. However, if your focus is short term, you may be in for a wild ride because investments tend to be more inconsistent over a short period.

"This means something. This is important."

A quote from the movie: *Close Encounters of the Third Kind* (1977)

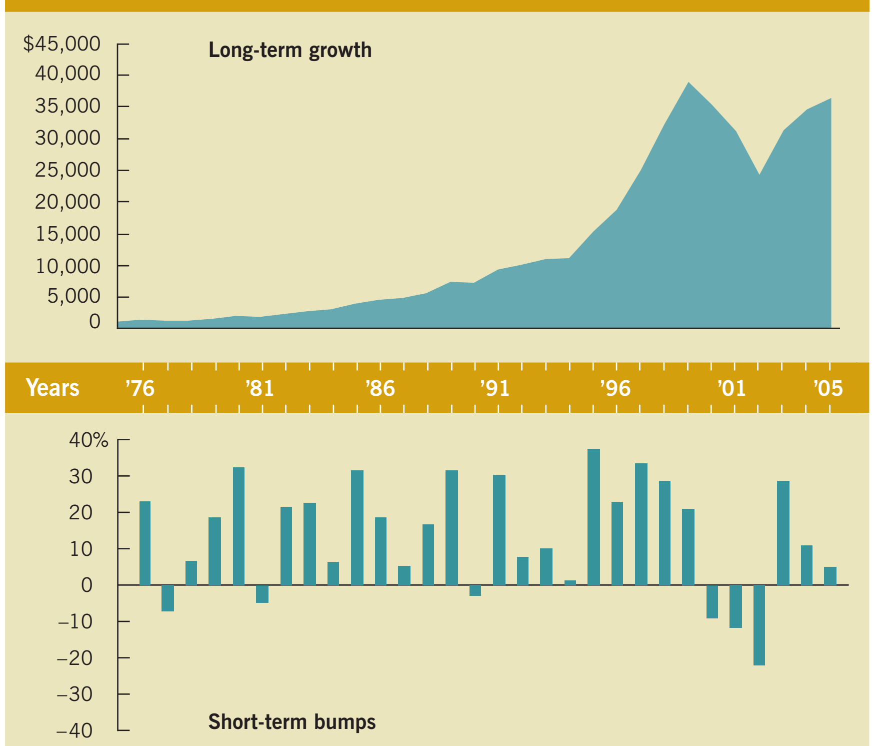


So what's your take?

These charts show two perspectives on the same investment. If you can look at investing with a long-term perspective, the same short-term bumps you see from year to year in the bottom chart have tended to smooth out over time and have created the long-term growth that the top chart represents.

If you can't go a day without checking your investment results and worry about every little downturn, then chances are the ups and downs that the bottom chart represents may mirror what you feel. What this chart actually shows are the yearly fluctuations in the results of the S&P 500 for the past 30 years.

Focus on the long term, not the bumps along the way



Results are based on a $1,000 initial investment in the S&P 500 from 1/1/76 through 12/31/05. Even though you can't invest in the S&P 500, the example helps show the results of the stock market over the past 30 years. Results assume reinvestment of dividends, no sales charges and no taxes. Past results are not predictive of future results of any investment. Regular investing does not ensure a profit or protect against loss in a declining market.

The risk factor

Investments that are good for one person may not be good for another. It really depends on your particular financial situation and a number of factors, including your retirement goals, your time horizon and how comfortable you are with risk.

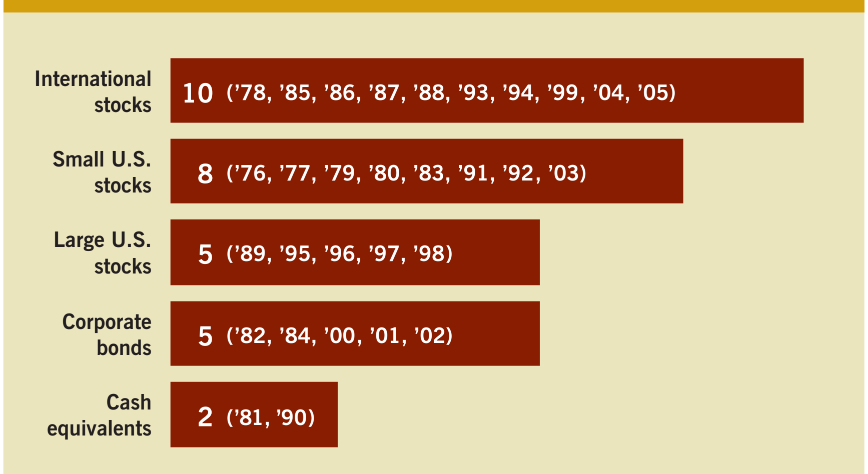
The more risk you take on with your investments, the more ups and downs you can expect along the way. An investment offering lower risk generally means fewer ups and downs over the long term but potentially smaller long-term rewards.

Diversification helps reduce risk

One of the best ways to help manage risk is to spread your savings among several different types of investments. This strategy is called diversification. When you diversify, you can help reduce the risks associated with one single investment. This way you can create an investment strategy with many different investments instead of placing all your bets on just one.

When you invest in a mutual fund, you become part-owner in dozens — even hundreds — of companies, providing more diversification than you could achieve by investing in individual securities like stocks, bonds or cash. This is important to know because by choosing a mix of funds, you increase your chances that different types of investments may excel during different time periods.

Number of times different investments were best from 1976 – 2005



Sources: International stocks: MSCI EAFE® (Europe, Australasia, Far East) Index; small U.S. stocks: Ibbotson prior to 1979 and Russell 2000 Index since then; large U.S. stocks: the S&P 500; corporate bonds: Citigroup High-Grade Credit Index; cash equivalents: 30-day U.S. Treasury bills from Ibbotson Associates. Indexes are unmanaged.

Investments outside the United States as well as in smaller companies involve additional risks, such as currency fluctuations, political instability, differing securities regulations and periods of illiquidity. Treasury bills are guaranteed as to the timely payment of interest and principal when held to maturity. Figures shown are past results and are not predictive of future results. Diversification does not ensure against market loss.

"I don't like to lose."

A quote from the movie:
Star Trek II:
The Wrath of Khan (1982)

You call the shots

When it comes to planning for your retirement, you're the director. You select the investments most appropriate for you. Below we've outlined the possible investment types in your plan.

Growth funds — These invest primarily in the stocks of companies that have the potential for faster-than-average gains. These companies oftentimes pay small or no dividends, and their stock prices tend to have the most ups and downs from day to day.

Growth-and-income funds — These typically invest in stocks of companies that pay dividends and have good prospects for earnings growth. They also invest in bonds, which provide income. They're generally less risky than growth investments because the income from dividends and bond interests cushions the ups and downs.

Equity-income funds — These invest primarily in dividend-paying stocks and bonds. Because equity-income funds do not place a primary emphasis on growth, they tend to produce lower returns, compared to growth funds, during strong upswings in the stock market. The emphasis on income, however, can soften the impact of a stock market downturn.

Balanced funds — These invest primarily in a combination of stocks, bonds and cash-equivalent investments. Over the long term, they seek growth of both capital and income. Balanced funds tend to produce more income than growth funds, which can help returns during a stock market downturn. At the same time, they also tend to have lower returns than growth funds during a stock market upturn.

Bond funds — These invest only in bonds and are designed to provide regular income from interest paid by the bonds they hold. Since bond investments seek to produce income, they typically help investors ride out stock market downturns. But they also tend to have lower returns than growth funds during a stock market upturn.

Cash-equivalent funds — These invest in safe, short-term securities such as U.S. Treasury bills and certificates of deposit. Although cash-equivalent funds are not federally insured or guaranteed, they typically preserve the initial investment.

Feature presentation

And now, the moment you've been waiting for — something to help you decide where to invest your money. In this section, you'll find a questionnaire that may help you choose your investments, along with key information about the investments in your plan.

Slice it any way you like

How to choose your investments

Deciding where to invest your money is one of the biggest challenges you'll face as an investor. This questionnaire has been created to make the process of choosing your investments — or your asset allocation — a little easier.

The following questions are divided into two sections: how much time you have until you'll need the money from your account (your time horizon) and how comfortable you are with investment risk (your risk tolerance). These are two of the biggest factors you'll want to consider when deciding how to allocate your assets. Questions 1–2 will give you your time horizon score, and questions 3–8 will give you an idea of how comfortable you are with the market's ups and downs.

Answer each question and circle the points for each response that corresponds most closely to your situation. Then, follow the instructions under "Next step" (on page 4.4) to see which investment mix (on page 4.5) might be right for you.

This questionnaire was developed by Ibbotson Associates, a leading authority on asset allocation, in concert with American Funds.

1. When do you expect to retire?

a.	In less than one year	**0** points
b.	In one to three years	**2** points
c.	In four to six years	**7** points
d.	In seven to 10 years	**12** points
e.	More than 10 years from now	**16** points

2. Once retired, how long will it take you to withdraw your retirement account balance?

a.	I'll withdraw the full amount all at once as a lump sum.	**0** points
b.	I'll withdraw the full amount in less than three years.	**2** points
c.	I'll withdraw the full amount over a four- to six-year period.	**3** points
d.	I'll withdraw the full amount over a seven- to 10-year period.	**5** points
e.	I'll withdraw the full amount over a period longer than 10 years.	**6** points

Add point totals for questions 1–2 for your TIME HORIZON score ☐

3. How would you respond to this statement?

"Protecting my retirement savings from any loss is more important than achieving high returns."

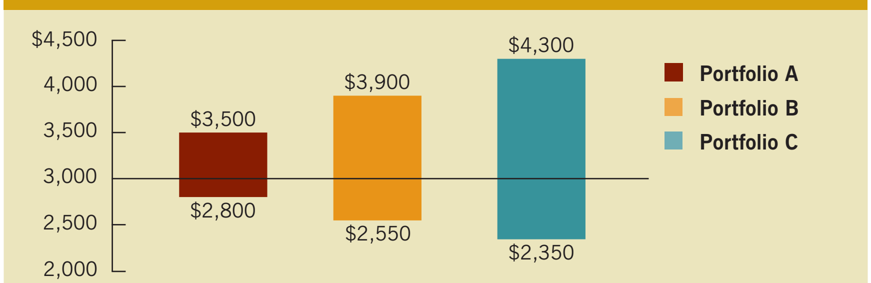
a.	Strongly agree	**0** points
b.	Agree	**4** points
c.	Risk and return are equally important to me	**8** points
d.	Disagree	**12** points
e.	Strongly disagree	**17** points

4. How comfortable are you with risk?

The chart below shows the potential fluctuations in value of three different hypothetical portfolios in a given year. The original amount invested in each portfolio is $3,000. Which of the three portfolios would you feel most comfortable with?

a.	Portfolio A — Lower risk, lower return	**0** points
b.	Portfolio B — Moderate risk, moderate return	**8** points
c.	Portfolio C — Higher risk, higher return	**16** points

Potential fluctuations of a $3,000 investment in a single year



5. Which statement best describes your investment philosophy?

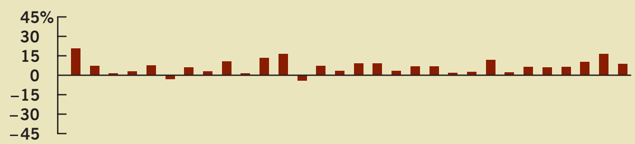
a.	I want stable investments that generate consistent, and most likely lower, returns year to year. I want to take as little risk as possible.	**0** points
b.	I don't mind periodic fluctuations in the value of my retirement account, but I would prefer to avoid investments that have the potential to generate big losses over time.	**8** points
c.	I would accept investments that frequently lose value in exchange for a chance to earn higher average returns over time.	**16** points

6. What's your long-term investment strategy?

If you had 30 years to save, which of the following year-to-year hypothetical returns would you feel most comfortable with for your retirement plan investment?

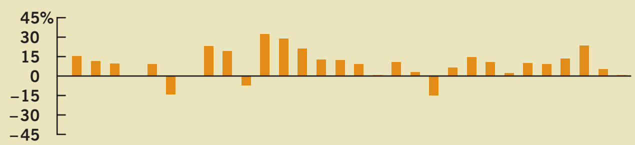
30-year span

Portfolio A — Lowest potential risk and return



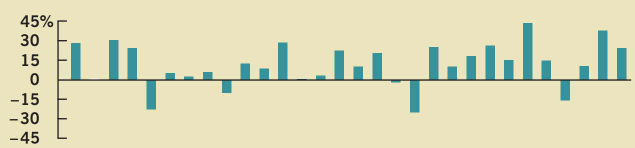
0 points

Portfolio B — Moderate potential risk and return



8 points

Portfolio C — Greatest potential risk and return



17 points

7. What would you do if your account value dropped?

If the value of one of your retirement account investments decreased by 20% in one year, how would you react?

a. I would move my money into a different investment. **0** points

b. I would be concerned about my retirement account and would consider moving my money into different investments if the losses continued. **8** points

c. I would leave my money where it is and continue to invest according to my long-term investment strategy. **17** points

8. Where would you invest?

The table below shows likely returns and possible losses for three portfolios in a given year. In which portfolio would you most want to invest?

	Possible annual return	Possible annual loss	
Portfolio A	Gain of 11%	Loss of 22%	**17** points
Portfolio B	Gain of 9%	Loss of 14%	**8** points
Portfolio C	Gain of 7%	Loss of 6%	**0** points

Add point totals for questions 3–8 for your RISK TOLERANCE score

Results

Take your point total from questions 1 and 2 to see where your score places you along the time horizon grid (this runs across the top of the table). Then, take your point total from questions 3–8 and look for the risk tolerance score (this runs along the left-hand side of the table). The place in the table below where your time horizon and risk tolerance totals meet represents your suggested asset allocation.

Asset allocation scoring grid

Risk tolerance score	Time horizon score				
	2	3–4	5–6	7–9	10–22
0–7	Capital preservation	Capital preservation	Capital preservation	Capital preservation	Capital preservation
8–34	Capital preservation	Conservative approach	Conservative approach	Conservative approach	Conservative approach
35–57	Capital preservation	Conservative approach	Balanced approach	Balanced approach	Balanced approach
58–86	Capital preservation	Conservative approach	Balanced approach	Moderate growth	Moderate growth
87–100	Capital preservation	Conservative approach	Balanced approach	Moderate growth	High growth

Be sure to consider any assets and investments you may have outside your retirement plan, such as your home equity, IRAs and savings accounts when choosing your investments. These investment mixes are intended to serve as a guide, not as specific advice for you. When you're considering your personal circumstances and investment strategy, you should consult your plan's financial representative.

Next step

Turn to the next page to see which investment mix matches your asset allocation recommendation. If your total time horizon score is zero (questions 1 and 2), you should opt out of using these recommended models because you'll need your retirement assets sooner. It may be helpful to consult with your plan's financial representative before you make your final decision. In addition, if you have more than 10 years before you'll need to start withdrawing your retirement assets and if your total risk tolerance score (questions 3–8) is less than 35 points, you should talk with your financial representative before choosing one of the asset allocation models shown on the next page.

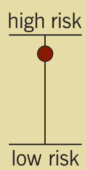
Sample investment mixes

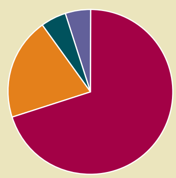
Based on the approach recommended on the previous page, select one of the five sample investment mixes. These asset allocation models can help you decide how to invest your plan contributions.

Please note: These models don't include any balanced or equity-income investments. If your plan has funds in these categories, you may want to consider how they fit into your personal investment mix.

Asset allocation models with fund categories / Returns and risk/return tradeoff*

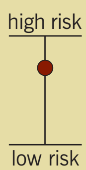
High growth

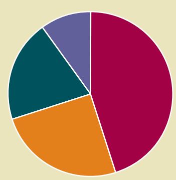




Fund category	Allocation	Returns and risk/return tradeoff*	
Growth	70%	Ending value	$542,977
Growth & income	20%	Average annual return	11.1%
Bond	5%	Best 5-year return (1995–1999)	22.5%
Cash equivalents	5%	Worst 5-year return (1998–2002)	–8.1%
		Returns were up	▲ 22 years
		Returns were down	▼ 8 years

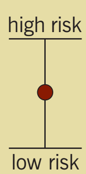
Moderate growth

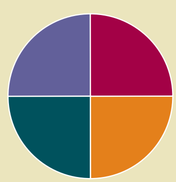




Fund category	Allocation	Returns and risk/return tradeoff*	
Growth	45%	Ending value	$508,850
Growth & income	25%	Average annual return	10.8%
Bond	20%	Best 5-year return (1994–1998)	18.0%
Cash equivalents	10%	Worst 5-year return (1998–2002)	–3.5%
		Returns were up	▲ 23 years
		Returns were down	▼ 7 years

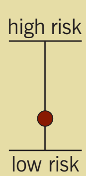
Balanced approach

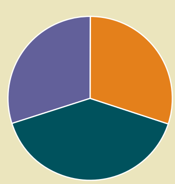




Fund category	Allocation	Returns and risk/return tradeoff*	
Growth	25%	Ending value	$422,736
Growth & income	25%	Average annual return	9.9%
Bond	25%	Best 5-year return (1982–1986)	16.3%
Cash equivalents	25%	Worst 5-year return (1998–2002)	–0.2%
		Returns were up	▲ 27 years
		Returns were down	▼ 3 years

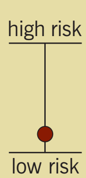
Conservative approach

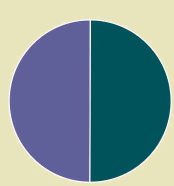




Fund category	Allocation	Returns and risk/return tradeoff*	
Growth	0%	Ending value	$378,516
Growth & income	30%	Average annual return	9.3%
Bond	40%	Best 5-year return (1982–1986)	16.7%
Cash equivalents	30%	Worst 5-year return (1998–2002)	3.7%
		Returns were up	▲ 29 years
		Returns were down	▼ 1 year

Capital preservation





Fund category	Allocation	Returns and risk/return tradeoff*	
Growth	0%	Ending value	$277,183
Growth & income	0%	Average annual return	7.7%
Bond	50%	Best 5-year return (1981–1985)	15.1%
Cash equivalents	50%	Worst 5-year return (1976–1980)	4.2%
		Returns were up	▲ 28 years
		Returns were down	▼ 2 years

*Assuming hypothetical annual $2,400 investments from 1976–2005; average annual returns from 1976–2005.

Returns for 1/1/76–12/31/05 reflect weighted averages of the results of unmanaged indexes used to represent each strategy's asset classes. Returns assume reinvestment of all distributions, no sales charges and no taxes and are not based on the returns of specific investments. Each strategy is rebalanced to its original target percentages annually. The indexes are: Lipper Growth Funds Index (growth); Lipper Growth & Income Funds Index (growth & income); Citigroup High-Grade Corporate Bond Index (bond); and U.S. Treasury Bill Index (cash equivalents). Data are from Ibbotson Associates and Lipper. U.S. Treasury securities are guaranteed by the U.S. government. Remember, regular investing does not ensure a profit or protect against loss in a declining market.