Your future starts today.
Life can be complicated. Saving for retirement doesn’t have to be.

Congratulations! You have the opportunity to participate in an employer-sponsored retirement program. Important decisions that you make about your retirement now could have an effect on your future financial security. This brochure can help you with those decisions. No matter where you are in your career, it is always a good idea to plan ahead for retirement.

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Why Should You Participate in Your Plan?

Your Retirement Plan: Why Is It So Important?
Together with your personal savings and Social Security, money saved through your employer-sponsored retirement plan(s) must generate enough income for a retirement that could last 20 to 30 years or even longer. In fact, once you retire, the savings in your retirement plan may well become your single most important financial asset.

Think About Your Goals and Needs
What are your financial goals in retirement? How should you invest your retirement savings? When should you think about changing your retirement investment strategy? On the following pages you'll find information that can help answer these questions and keep you on track for retirement.

How Can You Invest?
In general, employers provide a retirement program with at least two options to help employees save for retirement on a tax-deferred basis:

- **An employer-funded option**, to which the employer makes contributions on your behalf (subject to your eligibility and other terms of the employer plan), and
- **A voluntary savings option**, to which you (the employee) make your own contributions.

To learn about the details of your employer-sponsored retirement plan, visit the plan’s website. You should also visit the websites of your plan’s providers to learn about the investment options available to you.

IMPORTANT. The information contained in this brochure is intended to provide general information about the benefits of participating in your employer-sponsored retirement program and an explanation of the terms and concepts surrounding the investments under the program. It is not intended to provide investment advice or guidance on how you should allocate your contributions. Before investing, you should consult with a professional who can help you make the appropriate allocation decisions. Always read the prospectus and any other disclosure materials provided by your financial services firm.
Your Retirement Savings Strategy: Why Should You Start Today?
The sooner you start saving for retirement, the more time your money will have to grow. In fact, thanks to the power of compounding, your money has the potential to grow at a significant rate, so every day matters. In addition to the power of compounding, you also have the power of tax deferral working for you. Contributions to a retirement account are made before taxes are taken out of your paycheck, which lowers your current taxable income. Any investment earnings and interest then accumulate on a tax-deferred basis.

The chart at right illustrates how — as a result of tax-deferred benefits — even modest contributions to a tax-deferred retirement program have the potential to add up over the long term, especially when compared with an investment vehicle that is taxed annually. For example, let’s say Jane contributes $50 per month to a tax-deferred account. John also contributes $50 per month, but to an account where earnings are taxed annually. Given the assumptions shown, the chart demonstrates how much more Jane could accumulate than John.

Maximum Employee Contributions
Given the potential growth your investments may realize over time, it’s important to begin investing in your retirement plan as soon as you can. The chart at right explains the maximum employee contributions you are able to make this year. Any contributions your employer chooses to make may exceed this amount.

Please be aware that any employee contributions made to another employer’s plan in the current calendar year must be deducted from the allowable amount.

Also, keep in mind that you do not have to make the maximum contribution allowable — even a small contribution can make a big difference in determining how much money you’re able to accumulate at retirement.

* Assumptions: Both people are in the 25% federal tax bracket. The calculations assume a 6% return on investment with no withdrawals during the period indicated and do not reflect the deduction of any expenses. The assumed rate is hypothetical and is not intended to predict the actual performance of any investment account. Total returns and the principal value of investments will fluctuate and yields may vary. Withdrawals from a retirement account or annuity are subject to ordinary income tax. A federal 10% tax penalty may apply for withdrawals made prior to age 59 1/2. See a tax advisor for more information. Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown. Please consider your personal investment horizon and income tax brackets, both current and anticipated, when making an investment decision since these may further affect the results of the comparison.

** The results for Jane are shown after all taxes are paid at withdrawal.
What Should You Think About Before Investing?

Your Retirement Portfolio: How Do You Choose the Right Investment Mix?
The cornerstone of any investment strategy is the relationship between risk and return. Simply stated, the potential gain (or potential loss) for any investment generally corresponds to its level of risk.

This is the fundamental trade-off in investing: If you're seeking a higher potential return, you must be willing to accept a higher level of risk. Conversely, if you're seeking greater safety and stability, you must be willing to accept a lower potential return.

Investing for Retirement: What Are the Risks?
When we talk about investment risk we’re usually speaking of “market risk” or “volatility” — the likelihood that the investment will have wide swings in performance. There are also a number of other risks that can affect the performance of your investments. It is very important to keep them in mind when investing. These risks include:

• Inflation, or purchasing-power risk — This risk refers to the danger that your money will not be worth as much tomorrow as it is today. One dollar today does not buy as much as it did five years ago, and in 20 years, that same dollar may buy substantially less. (See the chart at right.)

• Interest rate risk — Many securities are significantly influenced by changes in interest rates. For example, the price of bonds tends to drop when current interest rates go up.

• Market-timing risk — This is the risk of losing money when you transfer from an investment in one financial market to another, such as transferring from stocks to bonds, or vice versa. If you try to time the market by moving in and out of investments, you have to be right twice. Missing a dramatic rise or catching a fall, even by a little bit, can leave investments in the wrong place at a significant cost to you.

• Foreign-investment risk — An estimated 70% of the world’s stock market activity now takes place outside the United States. However, when investing overseas, you will need to consider currency, economic and political risks.

As you consider the investment options available to you, please remember to read the appropriate prospectus before deciding to allocate to a particular investment option.

The Effects of Inflation Over Time

This chart shows you what $10,000 will be worth in 10, 20 and 30 years, assuming a 4% rate of inflation. This inflation rate is hypothetical and for illustrative purposes only; it does not reflect real or expected future inflation rates.
The Importance of Diversification: How Can It Help Your Portfolio’s Performance?
You can help manage risk by diversifying your assets — or spreading the risk — over a variety of investments.
Diversifying your assets does not guarantee that you won’t lose money, but in a major downturn in performance for a given type of investment, it can keep you from being overexposed to any one kind of investment.
Since different types of investments tend to perform differently under similar market conditions, diversification may help reduce volatility. If you include several different investment types in your retirement portfolio, the upward movement of one type may help offset the downward movement of another as economic and market conditions change over time.

Asset Classes: What Are Your Options?
An asset class is a category of investments such as stocks and bonds that have similar financial characteristics with securities in its class. When creating a portfolio, most financial experts suggest diversifying holdings across different asset classes.
At right are brief descriptions of the five major asset classes. Please note that the individual asset classes can be further broken down into sub-asset classes. For example, stock funds can be further categorized as large-, mid- or small-cap, growth or value, domestic or international, and indexed or actively managed. And bond funds may include corporate or government bonds, or even inflation-linked bonds.

Guide to Asset Classes
Equity Investments (Stocks)
Stocks represent shares of ownership in publicly held companies and have historically outperformed all other major asset classes. They also tend to be the most volatile asset class in the short term, and recent market trends have shown that there can be substantial short-term loss.

Nonequity
Bonds (Fixed Income)
Fixed-income investments are debt securities that generally pay a set rate of interest over a given period. Bond values fluctuate in response to current interest and inflation rates. Bonds can be used in conjunction with stocks to balance risk since bond values tend to be less volatile than stocks. Bond funds typically offer no guarantees.
Cash (Money Market)
Money market investments are relatively safe, liquid, short-term interest-bearing investments. While they may be suitable as short-term “parking spaces” as you formulate a long-term investment strategy, money market accounts are not typically considered suitable long-term retirement investments. Please be aware that these investments are not insured by the U.S. government.
Guaranteed
Guaranteed assets, backed by the claims-paying ability of an insurance company, preserve your principal and provide at least a specified minimum return. They are the lowest-risk alternative for long-term saving, but historically have not kept pace with many other investment returns, especially those for stocks, and may not be as liquid as other investments.
Real Estate
Real estate and real estate-related investments can be particularly useful in building retirement assets. First, real estate returns sometimes run counter to both stocks and bonds and can therefore help diversify your portfolio (please note that real estate investment trusts — REITs — behave more like stocks). Second, property values and rental income have traditionally tended to parallel inflation, so real estate holdings can help protect your future purchasing power.
Asset Allocation: How to Find the Right Balance
To create a retirement portfolio, you’ll need to decide how you want to diversify your investments among different asset classes. This process, known as asset allocation, is designed to optimize the risk/reward trade-off in your portfolio based on your life circumstances and investment goals.

The goal of asset allocation is to create the most efficient mix of asset classes that have the potential to appreciate, given your tolerance for risk — that is, your ability to handle declines in your portfolio’s value — and your preferences for certain types of investments.

Another important factor is your investment time horizon — the number of years you’ll be investing before you use the money, and how many years you’ll need that money to last. Because each investor has unique life circumstances and goals, there is no single, correct asset allocation for everyone.

The “Average Annual Total Returns (1926-2008)” chart on page 12 provides historical investment return data for several major asset classes since 1926 (past performance does not guarantee future results).

What Kind of Investor Are You?
When developing an asset allocation strategy, a good first step is to decide what type of investor you are, based on your risk tolerance. Generally, based on the amount of risk they are willing to tolerate, investors fall into one of the following three categories:

- **Conservative investors**, who generally are more comfortable keeping the majority of their contributions in nonequities.
- **Moderate investors**, who want to maintain a balance between conservative and aggressive approaches to investing.
- **Aggressive investors**, who may be willing to assume more risk for the potentially higher returns of equities.

Regardless of your risk tolerance level, your portfolio should include a mix of asset classes in order to provide you with the potential risk-reducing benefits of diversification.

While you may have numerous funds to choose from, the first and most important decision you need to make is to determine how comfortable you are allocating your portfolio among equities and nonequities.

Please complete the Personal Risk Tolerance Questionnaire on page 6 to determine your risk tolerance. Based on your answers, you will be directed to one of the model portfolios on page 8. These model portfolios can serve as a starting point for developing your own allocation mix.
**Personal Risk Tolerance Questionnaire**

This worksheet can help you identify how much risk you may be comfortable assuming. Based on your answers, you will be directed to one of the model portfolios on page 8, which can serve as a starting point for developing your own allocation mix. Just answer each of the six questions below by circling the letter that best represents your opinion. Then add up the points to determine your score. Your total score can help you understand how much risk you may need to take on in order to achieve your goal.

1. **Inflation, the rise in prices over time, can erode your investment return.** Long-term investors should be aware that, if portfolio returns are less than the inflation rate, their ability to purchase goods and services in the future might actually decline. However, portfolios with long-term returns that significantly exceed inflation are associated with a higher degree of risk. Which of the following portfolios is most consistent with your investment philosophy?
   - A. Portfolio 1 will most likely exceed long-term inflation by a significant margin and has a high degree of risk
   - B. Portfolio 2 will most likely exceed long-term inflation by a moderate margin and has a high to moderate degree of risk
   - C. Portfolio 3 will most likely exceed long-term inflation by a small margin and has a moderate degree of risk
   - D. Portfolio 4 will most likely match long-term inflation and has a low degree of risk

2. **Portfolios with the highest average returns also tend to have the highest chance of short-term losses.** The table below provides the average dollar return of four hypothetical investments of $100,000 and the possibility of losing money (ending value of less than $100,000) over a one-year holding period. Please select the portfolio with which you are most comfortable.

<table>
<thead>
<tr>
<th>Probabilities After 1 Year</th>
<th>Possible Average Value at the End of One Year</th>
<th>Chance of Losing Money at the End of One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Portfolio A</td>
<td>$106,000</td>
<td>16%</td>
</tr>
<tr>
<td>B. Portfolio B</td>
<td>$107,000</td>
<td>21%</td>
</tr>
<tr>
<td>C. Portfolio C</td>
<td>$108,000</td>
<td>25%</td>
</tr>
<tr>
<td>D. Portfolio D</td>
<td>$109,000</td>
<td>28%</td>
</tr>
</tbody>
</table>

3. **Investing involves a trade-off between risk and return.** Historically, investors who have received high long-term average returns have experienced greater fluctuations in the value of their portfolio and more frequent short-term losses than have investors in more conservative investments. Considering this, which statement best describes your investment goals?
   - A. Protect the value of my account. In order to minimize the chance for loss, I am willing to accept the lower long-term returns provided by conservative investments
   - B. Keep risk to a minimum while trying to achieve slightly higher returns than the returns provided by investments that are more conservative
   - C. Balance moderate levels of risk with moderate levels of returns
   - D. Maximize long-term investment returns. I am willing to accept large and sometimes dramatic fluctuations in the value of my investments

4. **Historically, markets have experienced downturns, both short-term and prolonged, followed by market recoveries.** Suppose you owned a well-diversified portfolio that fell by 20% (i.e., a $1,000 initial investment would now be worth $800) over a short period, consistent with the overall market. Assuming you still have 10 years until you begin withdrawals, how would you react?
   - A. I would not change my portfolio
   - B. I would wait at least one year before changing to options that are more conservative
   - C. I would wait at least three months before changing to options that are more conservative
   - D. I would immediately change to options that are more conservative

This worksheet can help you identify how much risk you may be comfortable assuming. Based on your answers, you will be directed to one of the model portfolios on page 8, which can serve as a starting point for developing your own allocation mix. Just answer each of the six questions below by circling the letter that best represents your opinion. Then add up the points to determine your score. Your total score can help you understand how much risk you may need to take on in order to achieve your goal.
5. The graph to the right shows the hypothetical results of four sample portfolios over a one-year holding period. The best potential and worst potential gains and losses are presented. Note that the portfolio with the best potential gain also has the largest potential loss. Which of these portfolios would you prefer to hold?

- Portfolio A: 19 pts
- Portfolio B: 12 pts
- Portfolio C: 7 pts
- Portfolio D: 0 pts

6. I am comfortable with investments that may frequently experience large declines in value if there is a potential for higher returns.

- A. Agree: 15 pts
- B. Disagree: 8 pts
- C. Strongly disagree: 0 pts

 YOUR TOTAL SCORE __________

If you scored 0-19: You probably want greater stability and a lower level of risk. Look at the Conservative portfolio.

If you scored 20-39: You’re probably looking to strike a balance between safety and growth, but are still very concerned with preserving your existing accumulation. Look at the Moderately Conservative portfolio.

If you scored 40-59: You’re probably looking to strike a balance between safety and growth. Look at the Moderate portfolio.

If you scored 60-79: You’re probably willing to take somewhat more risk to achieve greater growth potential. Look at the Moderately Aggressive portfolio.

If you scored 80-100: You’re probably comfortable with a higher level of risk. Look at the Aggressive portfolio.
Model Portfolios

Each of the five model portfolios presented here are for illustrative purposes only. Each provides a model asset allocation mix that corresponds to a specific investment strategy based on a hypothetical investor’s tolerance for risk. The specific asset allocations generated by Ibbotson are based on well-known optimization techniques, using historical return, volatility and correlation data from indexes like the Russell 1000. Keep in mind, this optimization procedure is based on assumptions about historical market data, and future market conditions may vary from these assumptions.

These model portfolios were not created specifically for you and may not take into account your particular goals or preferences. Please review your financial company’s model portfolios and consult with a professional who can help you make the appropriate allocation decisions based on your unique situation. Read the prospectus carefully before you invest or send money.

**Conservative**

- 17% Equities
- 83% Nonequities

“Downturns make me very nervous. I’ll accept lower long-term growth in exchange for rock solid stability.”

**Moderately Conservative**

- 37% Equities
- 63% Nonequities

“I can tolerate some volatility in a small portion of my investments for the chances of a higher return longer term.”

**Moderate**

- 57% Equities
- 43% Nonequities

“I want an equal balance of risk and return, not tilted toward either stability or growth.”

**Moderately Aggressive**

- 75% Equities
- 25% Nonequities

“I’m willing to accept greater volatility and risk by tilting my investments toward growth.”

**Aggressive**

- 89% Equities
- 11% Nonequities

“I can stomach a big drop in my investments’ value — even over several years — in pursuit of long-term growth.”
Building Your Portfolio

Once you’ve completed the questionnaire and taken a look at the model portfolios, you should consider your investment preferences. For example, in the equities category, you may decide to include different types of stocks, including growth, value, blend, domestic or international options.

In the nonequities category, you may decide to include guaranteed accounts, fixed-income funds (bonds and money market), or real estate investments. Remember, consider your own personal circumstances and investment goals when making allocation decisions.

Your Time Horizon: How Many Years Before You Retire?

Determining your time horizon will also affect your investment decisions. For financial goals, a “long-term” horizon usually means a period of 10 years or more. With a longer time horizon to achieve your goals, you can afford to take more risk because you have more years to weather the fluctuations of the markets.

For retirement investments, your perspective should extend far beyond the day you actually retire. To keep pace with inflation, your money will have to keep working even after you stop, so it’s important to ensure that you will have enough in savings.
A Long-Term Perspective Can Affect Your Allocation Decisions

If your time horizon spans beyond a decade, you may want to consider allocating a greater percentage of your contributions to equities, which have historically offered greater potential for growth than other options. Past performance, of course, does not guarantee future results. In addition, greater potential growth can mean greater risk.

As you approach retirement, you may want to consider more conservative accounts. At this stage, many people readjust their allocation mix to decrease their allocation to equities and to help reduce risk.

If you have questions about the best allocation strategy for you, contact your benefits office.

Keeping Up With Your Goals: When Should You Update Your Portfolio?

It’s a good idea to periodically revisit your retirement allocation strategy.

In order to help stay on track, you can modify future allocations or transfer accumulations as you deem necessary. You should consider reevaluating and readjusting your portfolio when:

- **There is a major change in your life.** These changes include marriage, children, a home purchase, and retirement.
- **When the balance of your accumulations changes significantly.** The amount and distribution of your retirement plan accumulations will change because each account will perform differently over time. As a result, your accumulations will grow or decrease at different rates. You may need to rebalance periodically to get back to your target asset allocation.
How Do You Enroll?

The Next Step: Enroll Today — It’s Simple
Now that you have some basic information about saving for retirement, please visit your plan’s website or contact your benefits office for materials on how to enroll. Please read these materials carefully, and then contact your investment provider for prospectuses containing information that can help you decide whether a particular investment account is appropriate for you. Read the prospectuses carefully before investing.

A Quick Recap
Here is a short checklist of items to consider as you make your investment selections:

• Consider your retirement goals and objectives.
• Determine your risk tolerance, as well as the risk characteristics of the various investments available under your plan.
• Think about how soon you’ll need your money — balance your time horizon with your tolerance for risk.
• Choose an asset allocation that reflects your risk tolerance and your investment time frame. Make sure to diversify among different asset classes.
# Average Annual Total Returns (1926-2008)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Treasury Bills</strong></td>
<td>Data on unmanaged performance of short-term Treasury Bills, computed on a monthly basis, as compiled from various sources by Ibbotson Associates, Inc.</td>
<td>3.71%</td>
</tr>
<tr>
<td><strong>Government Bonds</strong></td>
<td>Data on unmanaged performance of long-term U.S. Government Bonds, as compiled from various sources by Ibbotson Associates, Inc.</td>
<td>5.69%</td>
</tr>
<tr>
<td><strong>Long-Term Corporate Bonds</strong></td>
<td>Data on unmanaged performance of high-grade long-term U.S. corporate debt, as compiled from various sources by Ibbotson Associates, Inc.</td>
<td>5.89%</td>
</tr>
<tr>
<td><strong>Large Company Stocks</strong></td>
<td>The S&amp;P 500® Index. This is an unmanaged group of securities representing the U.S. stock market.</td>
<td>9.62%</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>Real Estate (NCREIF Property Index 1978-2008)</td>
<td>9.71%</td>
</tr>
</tbody>
</table>

These returns are for illustrative purposes only and do not reflect the returns that various kinds of investments may earn in the future. Stocks represent shares of ownership in a corporation and bonds are debt obligations. The value of both will fluctuate with market conditions. Treasury bills (T-bills) and other U.S. government bonds are insured as to timely payment of principal and interest by the U.S. government, unlike stocks and corporate bonds. T-bills are short-term money market instruments. Past performance does not guarantee future returns. All of the indexes reflected in this chart are unmanaged and you cannot invest directly in these indexes. (Source: Stocks, Bonds, Bills and Inflation®, © 2008 Ibbotson Associates, Inc., a fully owned subsidiary of Morningstar, Inc. Based on copyrighted works by Ibbotson and Sinquefield. All rights reserved. Used with permission.)

* National Council of Real Estate Investment Fiduciaries (NCREIF) is an association of institutional real estate professionals who share a common interest in their industry. Produced quarterly, the NCREIF Property Index (NPI) shows real estate performance returns using data submitted by NCREIF. The NPI is used as an industry benchmark to compare an investor’s own returns against the industry average. As of 12/31/08, NPI represented 6,287 properties with an aggregate value of $305.1 billion.