

Step 1: Educate yourself



What do you **want** out of life?

You have dreams for your future. Everyone does. Some of them may be “pie in the sky,” like winning a lottery. Others are more realistic — buying a nice car, owning your own home, or sending your children to college. Think about your dreams and check off the ones you find on the “Financial Wish List” to the right.

Did you check a secure retirement? You probably should have. Why? Because planning now for your retirement lets you take control of your future. Instead of depending on the government — through Social Security — or an employer to determine what kind of retirement you’ll have, you’ll be able to call the shots. Retirement planning can help you build the wealth you’ll need to support the lifestyle you want.





Step 1: All age groups

Use the **power** of tax-deferral

You can plan for the retirement you want the same way you might plan for a vacation, your dream home, or other financial goals. In fact, planning for retirement might be even easier. All you have to do is join your employer's **retirement plan**.

The sooner you join the plan and start to save, the easier it will be for you to build up a substantial sum. That's because starting to save now lets you benefit from **tax-deferred compounding**.

When you contribute to your employer's plan:

You pay less. You pay no current federal income tax on the amount you put in your plan account. What does that mean? If you are in a 25% federal income-tax bracket, it means that making a \$100 contribution costs you only \$75 in take-home pay

because your taxes are \$25 less. Contributing to your employer's plan instead of saving the same amount in a taxable account can leave you with more money to spend.

You can keep more. Your account earnings are also tax-deferred. You pay taxes only when you eventually withdraw money from the plan. Because all of your money stays invested, it can grow faster than it would if taxes were taken out each year.

Your earnings are reinvested.

The earnings your account investments generate are automatically reinvested. All the money in your account — contributions and earnings — is available to generate additional earnings. Over time, the combination of regular contributions and compounded investment earnings can really add up.

AUL Qualified Plans are funded by group variable annuity contracts. While a participant may benefit from tax-deferral under a qualified plan without the use of a variable annuity contract, variable annuities may provide additional investment and annuity-related benefits to contract owners. Various contract charges may apply to the AUL group variable annuity contract. Any withdrawals that are considered investment gains are taxed as ordinary income. Withdrawals or distributions made prior to age 59 1/2 may be subject to a 10% income-tax penalty.

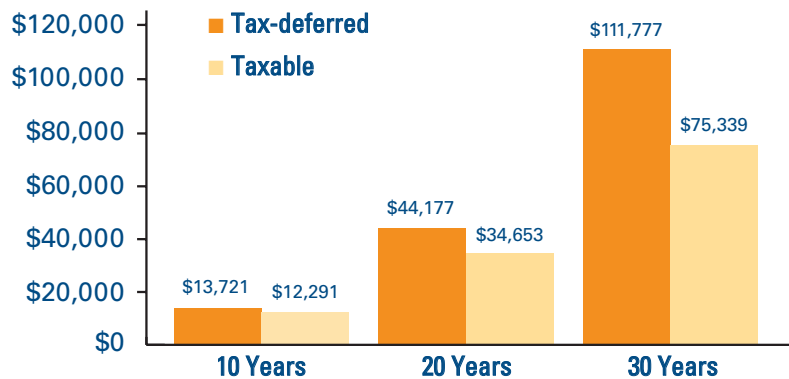
How tax-deferral can boost your retirement savings

Compare:

- \$1,200 annual retirement plan contribution
- with
- \$900 (amount remaining after paying tax on \$1,200) invested in a taxable program. Earnings on the taxable investment are taxed annually.

Assume:

- Both the taxable plan and the tax-deferred plan earn 8% annually.*
- The employee is in a 25% federal income-tax bracket.



*This chart is only an illustration and is not intended to predict or guarantee the performance of any particular investment. Actual returns and principal value will fluctuate. The plan balances shown reflect a reduction for ordinary income tax at 25%, payable at the time the money is withdrawn from the plan. The above values do not reflect any of the various contract charges, such as mortality and expense risk charges and annual administrative costs, that may apply to AUL group variable annuity contracts.

Find your planning niche

As you read on, we'll direct you to information that should be of particular help to you.

New Saver

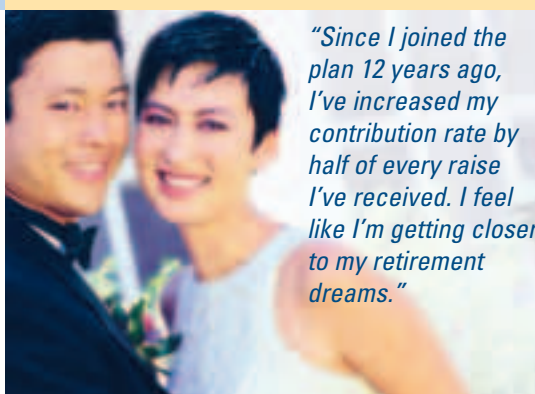
(under age 35)



"I started putting more money into my retirement savings account once my student loans were paid off."

On Your Way

(age 35 to 49)



"Since I joined the plan 12 years ago, I've increased my contribution rate by half of every raise I've received. I feel like I'm getting closer to my retirement dreams."

Almost There

(age 50 and over)



"I've been able to increase my retirement plan contributions significantly now that both of the kids are through college and out on their own."

Step 1: New saver — Under age 35

You **CAN** afford to save

Many people feel that they can't afford to save for retirement — even if they want to and their employer gives them the opportunity to join a retirement plan. But the truth is that you can't afford *not* to save for retirement. Your employer's plan can make it easy.

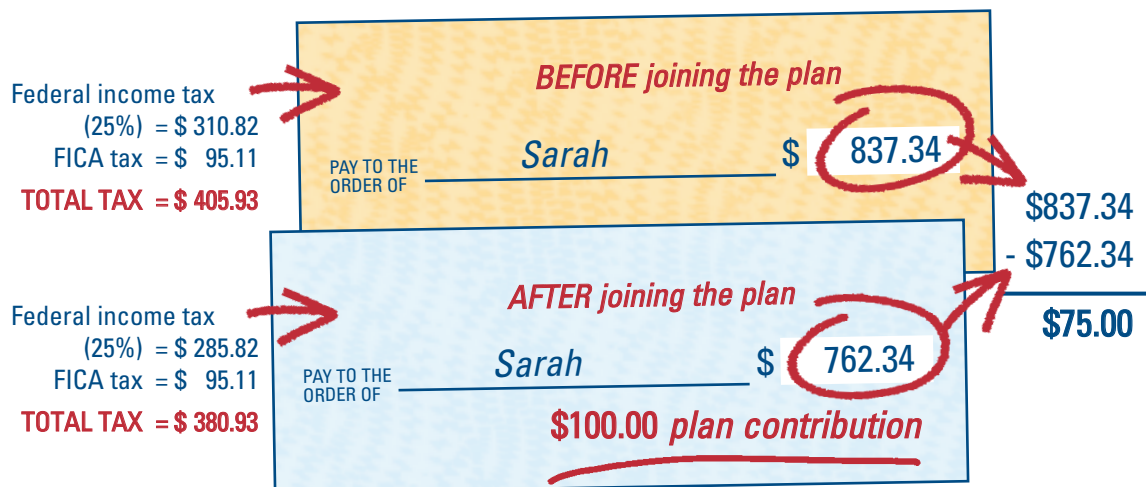
Out of sight, out of mind. Your plan contributions are automatically withheld from your pay before you even receive your paycheck.

Savers keepers. All of the money you put in your plan account and the earnings on those contributions are 100% yours, subject to any applicable taxes. If you leave your employer, you can take your money with you or leave it in the plan. If your employer makes additional contributions on your behalf, you may have to work for your employer for a certain period before that money becomes yours.

Do the math

The first payday after she joined her employer's retirement plan, Sarah got a pleasant surprise — not as much money deducted from her paycheck as she expected.

Sarah's gross pay = \$32,325 a year or \$1,243.27 bi-weekly.



*** Sarah sees only a \$75 difference in her paycheck, but she's saving \$100 for retirement.**



Saving outside the plan

Angela earns \$25,000 a year. She wants to save 5% of her pay (\$1,250 a year) for retirement. She files a joint income-tax return with her husband, and they are in a 25% federal income-tax bracket. Here is a comparison showing how contributing to her employer's retirement plan rather than putting after-tax money in a traditional taxed account can give Angela more spending money.

	Contributing to her employer's plan	Traditionally taxed plan
Gross pay	\$25,000	\$25,000
Minus plan contribution	\$1,250	\$0
Taxable pay	\$23,750	\$25,000
Minus federal income tax	\$5,938	\$6,250
Minus FICA tax (7.65% of gross pay)	\$1,913	\$1,913
Minus taxable account savings	\$0	\$1,250
Spendable pay	\$15,899	\$15,587

Investing inside the plan gives Angela **\$312** more in spendable pay.

Using your employer's retirement plan is easy and convenient and can give you real money advantages over saving on your own.

Something to think about

When I received the e-mail at work about the retirement plan enrollment meeting, I almost did not go. Retirement isn't high on my list of things to think about right now. But I'm glad I went. I never realized how easy it is to save in a retirement plan. Money goes from my paycheck into my retirement account automatically, and the \$25 contribution I make every other week costs only \$21.25 in take-home pay. The real eye opener, though, is that if I continue to save and can increase my contribution by just a little bit each year, I could have a lot of money in my account when I'm ready to retire. And, if I change jobs before then, the money I have in my account goes with me.

— Michael S., age 23



The boost I need

With all my other financial demands — the mortgage, trying to put money away for my children's college education, and giving my mom a hand — I really appreciate the boost I get from my retirement plan's tax breaks. I can use the money I save in taxes for other expenses. And not having to pay taxes on my investment earnings helps my account grow faster. So, I can be more confident that I'll have enough money when I retire.

— Mary N., age 42

Step 1: On your way — Age 35-49

Competing goals





There's no doubt about it. Financial responsibilities usually increase as a person gets older. Car payments. A mortgage. Home repairs. Child care. The list of demands on your paycheck may seem endless. But that

doesn't mean you should put saving for your own future financial security on the back burner. It's time to start saving for your retirement to secure your future.

The power of time

Retirement goal = \$300,000

The younger you are when you start saving, the less you have to put aside each payday to reach your goal — thanks to compounding and tax-deferral on your plan contributions.

			
	Jake	Maria	Sam
 Age	30	40	50
Years until retirement*	37	27	17
Investment return	7%	7%	7%
Monthly contribution	\$143	\$313	\$769

*Assumes retirement at age 67.

These hypothetical investment returns are for illustrative purposes only. They are not indicative of any particular investment or performance and assume reinvestment of earnings. Actual returns and principal value will vary. The retirement goal shown is before reduction for taxes.

Step 1: Almost there — Age 50+

It's never too late to **start**

You're not alone if you haven't put much aside for the future. Many employees are in the same boat. In fact, if you've been working for a number of years, you might think that it's too late to start. But, the fact is, it's *never* too late to start planning for retirement.

Don't make the common mistake of thinking Social Security will be

enough to fund your retirement years. Take advantage of this opportunity to put money into your employer's plan. If you are age 50 or over, you may be able to make "catch-up" contributions in addition to regular contributions to compensate for possible retirement savings opportunities you missed earlier in life. Save as much as you can. You'll be glad you did!

Don't rely on Social Security

On average, Social Security provides only 39% of the income that people age 65 and over receive. That leaves a large income gap — even larger if you retire before full retirement age.

Although you can begin receiving monthly benefits at age 62, the amount you receive will be permanently reduced by at least 20%. If you were born in 1960 or later, it could be reduced by up to 30%. Will you have enough savings to fill the gap between your expected Social Security benefits and your retirement expenses? The choice is yours.

Age when benefits begin	MAXIMUM monthly benefit	Gain per month from waiting
62	\$1,422	—
65*	\$1,784	\$362
70	\$2,111	\$689

*Social Security considers age 65 as the "full" or "normal" retirement age for individuals born in 1937 or earlier. For those born later, the full retirement age is gradually increasing in monthly increments until it reaches age 67 for people born after 1959.

Source: Social Security Administration. Based on maximum Social Security benefit amounts for 2004. The amount you will be eligible to receive will depend on your lifetime earnings, your year of birth, and other factors.



Making up for lost time

A couple of years ago, I realized that I wasn't putting away nearly enough money for retirement, so I decided to make a real effort to save. At first, I was a little discouraged. But then I started to see results. I increased my contributions by another 2% so that I was contributing the maximum amount allowed by my plan. I hardly felt the difference. This year, I learned that my plan lets people age 50 and over make additional contributions. I signed right up to contribute another \$3,000 this year. I feel a lot more confident now that I'll be able to take care of myself in retirement.

— David P., age 51

Step 1: How much will you need?

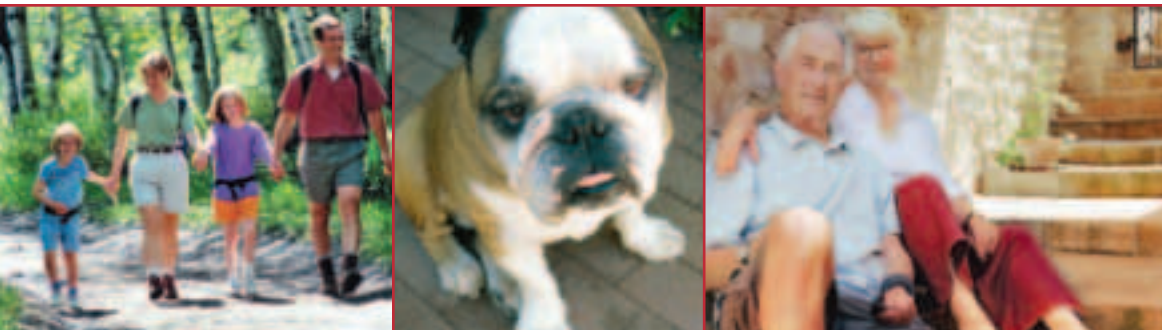
Manage your future

Now that you've made planning for retirement a priority, you need to create an ongoing program to manage your future. Your first step is to calculate the amount you should be contributing now to your employer's retirement plan. Our worksheet will help.

Don't be discouraged if the contribution amount you come up with is more than you can afford right now. Flexibility is another advantage of your retirement plan. You aren't locked into a contribution amount. You can start with a smaller contribution now and regularly

increase it until you're on target to meet your retirement income needs.

Use our worksheet to revisit your retirement needs on a regular basis. Once a year is good. Look at how well your account investments are working toward your goal (more on investing later). Anticipate changes in your life that may make it easier for you to begin saving more each month. For example, a spouse returning to work or your youngest finishing college might give you more money to save for your retirement.



Retirement needs worksheet

Here is a worksheet you can use to estimate how much income you'll need in the future and how much you have to save to help provide that income.

	Example	You
Line 1: Current Income Enter your current yearly income.	\$30,000	\$ _____
Line 2: Income Needed in Retirement Estimate the yearly income you'll need at retirement by multiplying Line 1 by 80%.	\$24,000	\$ _____
Line 3: Social Security Benefit Estimate your future Social Security benefit. Insert the estimated benefit from the annual statement you receive from the Social Security Administration or from the SSA's benefit calculator available at www.ssa.gov . If your estimated benefit isn't available, multiply Line 1 by .25 (up to a maximum of \$21,900) for a conservative estimate of your benefits.	\$7,500	\$ _____
Line 4: Replacement Income For the estimated annual income you'll need to replace through retirement savings and personal assets, subtract Line 3 from Line 2 .	\$16,500	\$ _____
Line 5: Inflation Adjustment Now adjust your current replacement income for inflation by multiplying Line 4 by an inflation factor from Table A . Choose the inflation factor below the number of years you have left until you plan to retire. For our example, we assume 20 years left to retirement. Thus, we multiply \$16,500 by 1.81.	\$29,865	\$ _____
Line 6: Current Assets Enter the value of your current assets (savings, investments, etc.) adjusted for growth. (Example: \$40,000 multiplied by an investment factor of 4.66.)	\$186,400	\$ _____
Line 7: Savings Goal How much would you need to have at retirement to give you the yearly income in Line 5 ? Multiply Line 5 by a payout factor from Table B . (Our example assumes 3% inflation, an 8% investment return, and that you will need 15 years of retirement income, so we used a payout factor of 10.38.)	\$309,999	\$ _____
Line 8: Savings Needed To find out how much you'll need to save, subtract Line 6 from Line 7 .	\$123,599	\$ _____
Line 9: Annual Savings Needed How much do you need to set aside each year in order to work toward your retirement goal in Line 8 ? Divide Line 8 by the present value factor in Table A . (Example: \$123,599 divided by 45.76.)	\$2,701	\$ _____
Line 10: Your Monthly Investment Divide Line 9 by 12 to get the amount you need to invest each month toward retirement.	\$225	\$ _____

Table A

Number of Years Until Retirement:	5	10	15	20	25	30	35	40
Inflation Factor (3% inflation):	1.16	1.34	1.56	1.81	2.09	2.43	2.81	3.26
Investment Factor (8% return)	1.47	2.16	3.17	4.66	6.84	10.06	14.79	21.72
Present Value Factor (8% return)	5.87	14.49	27.15	45.76	73.11	113.28	172.32	259.06

Table B

Number of Years of Retirement:	10	15	20	25
Payout Factor	7.72	10.38	12.46	14.09

Assumes 3% inflation and an 8% annual investment return. Actual inflation and your investment returns and principal value will differ.

Step 2: Determine your investor type

Let's start with the **basics**

When you join your employer's retirement plan, you'll need an investment strategy for growing your retirement plan. Think about your accumulation goal, the type of investor you are, and your time frame. Generally, the longer you have until retirement, the more risk you can take with your investments, and vice versa.

What is risk?

Every investment carries some kind of risk — even so-called “safe” investments, such as U.S. government securities. Understanding the different kinds of risk can help you choose the investments that are best for you.

Market risk. The risk that the value of your investment may decline over a given period of time.

Inflation risk. The risk that inflation (increases in the cost of living) will eat away at the buying power of the dollars you put away today.

Interest-rate risk. The risk that changes in interest rates will affect the prices of bonds and other fixed income investments and the amount of income you and other investors receive from these investments.

Retirement risk. The risk of not accumulating enough money to provide you with adequate retirement income.



What are the different investment types?

A basic knowledge of the different types of investment categories will be useful in selecting investments that will complement your individual style and goals.¹ There are generally three category types:

1	Stocks
2	Bonds
3	Cash Investments

1 Stocks

Stocks are investments that give you an “ownership interest” in the company issuing the stock. If the company does well and its stock price increases, your investment will gain in value. If the stock goes down in price, your investment loses value. Stocks offer the highest potential investment returns, but also generally involve the most risk to your principal (the amount you’ve invested).

There are three main types – or styles – of stock investments: value, growth, and blend.

- **Value stocks** are stocks of strong companies that are selling below

their true value for a temporary reason. The reason might be new government regulations, disappointing quarterly earnings, or industry problems that don’t directly affect that company. Value stocks tend to perform best when the economy is slow or just beginning to recover from a slow-down. They are more likely to pay dividends than growth stocks are.

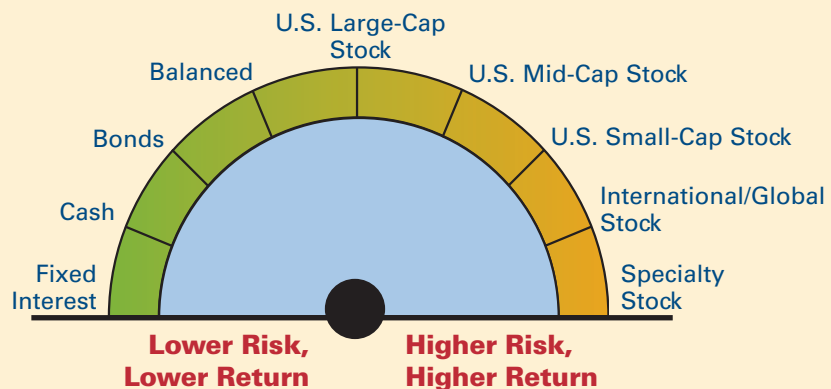
- **Growth stocks** are stocks of companies whose earnings are expected to grow at a rate faster than the stock market as a whole. Such companies usually have rapidly growing revenues and profits, and the ability to maintain that growth. Growth stocks tend to be from young companies, so they are often riskier than the average stock.

- **Blends.** Some stock investment options include both value and growth stocks. These blends potentially provide more consistent investment returns through all types of economic conditions.

¹The investment return and principal value of the investment options will fluctuate so that an investor’s units, when redeemed, may be worth more or less than their original cost. Investment return is not guaranteed and is subject to market risk. Past performance does not guarantee future results.

Risk Versus Return

Part of successful investing is based on understanding and managing risk. In the investment world, risk refers to the elements that determine whether an investment's value or return will be lower or higher than expected. Generally, the greater the risk, the greater the potential return. The risk/return meter below shows the relative risk and return characteristics of different investments.



Within these style types you'll find different kinds of stocks.

- U.S. Large-Cap Stocks** are issued by companies with market capitalizations of \$10 billion to \$200 billion. Capitalization is a company's stock market value. It's calculated by multiplying a stock's price by the number of outstanding shares. Large-cap stocks generally are the most stable, have the highest prices per share, and usually pay regular dividends.
- U.S. Mid-Cap Stocks** are stocks of companies with capitalizations of \$2 billion to \$10 billion. They have greater growth potential and, generally, lower share prices than large-cap stocks. They can be riskier than large-cap stocks and typically offer less dividend income.

- U.S. Small-Cap Stocks** offer the potential for large gains. But, because they are issued by smaller companies that are often in the earlier stages of development — market capitalizations of less than \$2 billion — they carry higher risks than large- and mid-cap stocks.

2

Bonds

Bonds are, in effect, loans owed to the investor by the government, corporations, or other issuers of debt. Typically, bonds pay a fixed rate of income over a set time period. At the end of the period, the face value of the bond is returned to the investor.¹ Bonds usually rise and fall in value depending on current interest rates. The general rule: If rates rise, bond prices fall. If rates fall, bond prices

- A word of caution about risk.** Everyone knows that you can take too much risk with your investments. But not enough people realize that you also can take too little risk. Remember, on the road to financial freedom, you're investing for the long term. Because investments with the lowest risk also have the lowest returns, you could end up with less money than you need to achieve your dreams.

¹The sale of a bond before maturity may result in a substantial gain or loss.

rise. Bonds generally involve less risk than stocks, but also offer lower potential returns. Like stocks, different types of bonds have different risk and return characteristics.

For example, corporate bonds generally have the potential to provide higher returns than government bonds because they carry greater risk. Similarly, longer-term bonds offer higher potential returns than short-term bonds.

Here are some common types of bonds.

■ U.S. Short-Term Government

Bonds include securities issued or guaranteed by the U.S. government that generally have an average maturity of one to three years. Some examples are Treasury bills and bonds — backed by the full faith and credit of the U.S. government — and bonds issued by U.S. agencies and instrumentalities, such as mortgage-backed securities from Fannie Mae and Freddie Mac. Both Treasury and agency securities are considered very low risk. Short-term government bonds have a lower return potential than other bonds.

■ U.S. Intermediate Government/ Corporate Bonds

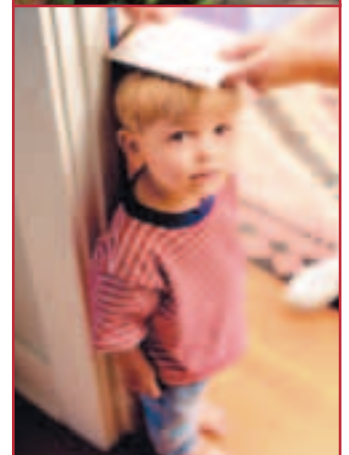
generally have maturities of between three and

10 years. They offer greater return potential than short-term bonds because they carry more risk. Intermediate-term bonds rated “investment grade” by one of the major bond rating agencies generally are of sufficient credit quality to provide a high level of protection against loss of principal or interest.

- **High Yield Bonds** — also known as “junk bonds” — are the lowest quality bonds. Newer companies that lack a business track record or companies with questionable credit ratings usually issue them. Because high yield bonds have a greater chance of default — and loss of your investment — than higher quality investment grade bonds, they offer higher returns.

3 Cash Investments

Cash Investments pay an income for a short period¹, at which time the investment principal is returned. Money market investments may pay a fixed interest rate or a rate that varies during the period. These investments have the least risk of principal loss, but offer potential returns that generally are lower than returns on both stocks and bonds.



¹ An investment in the money market account is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the account seeks to maintain a stable unit value, it is possible to lose money by investing in the money market account.

Mixing it up

If you are like most people, you probably want to achieve the highest possible investment return for the level of risk you are willing to take. Diversification and asset allocation can help increase your potential return because you use a strategic mix of asset classes rather than trying to pick the best performing investment.

What is diversification?

Remember the saying, “Don’t put all of your eggs in one basket”? That is the basic idea behind diversification. Putting your money into different investment options can help you spread your risk. To make investing for your retirement simpler, many of the investment options offered by your plan provide automatic diversification.

For example, each of the plan’s stock investment options invests in a variety of companies from various industries. If one company or industry underperforms, the investment option probably won’t suffer a major loss, because it is diversified. Bond investment options usually invest in bonds with varying

maturity dates that are issued by various entities. If interest rates increase or one bond issuer defaults, diversification can help protect against large declines in the bond investment option’s value.

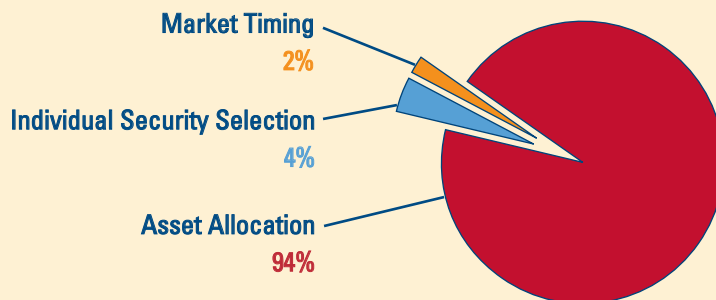
You could diversify your retirement account investments by investing in one stock, one bond, and one money market investment option. If you want to diversify further, your plan might allow you to spread your stock investments among a large-cap option, a mid-cap option, a small-cap option, and a foreign option. Similarly, your bond investments might be spread among a short-term government option, an intermediate-term option, and a high yield option.

What is asset allocation? You also need to decide how much of your retirement plan is put in each of the investment classes: stocks, bonds, and cash. This is called asset allocation. The amount of your account that you allocate to each investment type will depend largely on your personal situation: how many years you have until



Why asset allocation?

Studies have shown that one's allocation to different asset classes determines more than 90% of one's portfolio performance.¹



¹ From the landmark study on the importance of asset allocation by Brinson, Hood and Beebower: "Determinants of Portfolio Performance," Financial Analysts Journal, 1991.

retirement, the amount of risk you are willing to take, other sources of retirement income you are anticipating, and any special needs you or your dependents may have.

Who should consider asset allocation? Investors who want to diversify their investments to increase their potential return and to help manage risk.

What kind of **investor** are you?

If asset allocation still sounds complicated—there's help! The worksheet on the following pages will guide you through a series of questions strategically designed to help you identify your investment profile, from conservative to aggressive. Then, use the model portfolios that

follow as a guide in choosing an appropriate mix of investment options to suit your individual needs. Keep in mind that asset allocation and diversification don't eliminate the risk of investment losses, but simply attempt to control it.

Different investors have different risk tolerances. Much of the difference stems from time horizon. That is, someone with a short investment time horizon is less able to withstand losses. The remainder of the difference is attributable to the individual's appetite for risk. Volatility can be nerve-wracking for many people and they are more comfortable when they can avoid it. However, there is a definite relationship between risk and return. Investors need to recognize this risk/return trade-off. The following risk tolerance questionnaire has been designed to measure your ability (time horizon) and willingness (risk tolerance) to accept uncertainties in your investment's performance. The total score recommends which of the five risk profiles is most appropriate for you.

Investor profile questionnaire

This questionnaire will help you select an investor profile based on your time horizon and comfort level with investing.

Answer these questions and total your score at the bottom	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	SCORE
1 I expect to begin withdrawing money from my retirement account in:	<u>1 Year</u> 1	<u>2-4 Years</u> 2	<u>5-7 Years</u> 3	<u>8-10 Years</u> 4	<u>11+ Years</u> 5	
2 Once I begin withdrawing money from my retirement account, I expect the withdrawals to last:	I want a lump sum distribution <u>1</u>	<u>2-4 Years</u> 2	<u>5-7 Years</u> 3	<u>8-10 Years</u> 4	<u>11+ Years</u> 5	
3 I would take money out of my retirement savings to pay for a large, unexpected expense.	1	2	3	4	5	
4 To meet my financial goals, my investments must grow at a high rate of return.	5	4	3	2	1	
5 I prefer investments that are a low risk, even if the returns are lower than the rate of inflation (the rise in prices over time).	1	2	3	4	5	
6 I prefer an investment strategy designed to grow steadily and avoid sharp ups and downs.	1	2	3	4	5	
7 When it comes to investing, protecting the money I have is my highest priority.	1	2	3	4	5	
8 I am unwilling to wait several years to recover from losses I could incur in an extended down market.	1	2	3	4	5	
9 I always choose investments with the highest possible return even if the investments may frequently experience large declines in value because of higher risk.	5	4	3	2	1	
10 If I had \$1,000 invested in an account, and its value dropped to \$850 after six months, I would move all my money to a more conservative account.	1	2	3	4	5	

SCORING

10-19

20-26

27-33

34-40

41-50

CORRESPONDING PORTFOLIO

A. CONSERVATIVE

B. MODERATE

C. BALANCED

D. AGGRESSIVE

E. EQUITY AGGRESSIVE

Transfer your total score to the next page

TOTAL

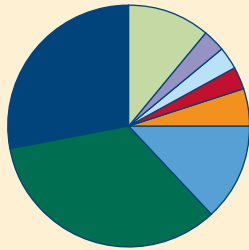
SCORE

Transfer your total score here

Use the letter that matches your score to identify the corresponding Profile below that may be best suited for your retirement investments.

CONSERVATIVE

A
10-19 Points

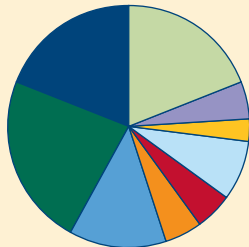


- Large-Cap Stocks **11%**
- Mid-Cap Stocks **3%**
- Small-Cap Stocks **0%**
- International Stocks **3%**
- Global Stocks **3%**
- High Yield Bonds **5%**
- Intermediate-Term Bonds **13%**
- Short-Term Bonds **34%**
- Cash/Fixed Interest **28%**

Conservative Strategy seeks to provide high current income and low long-term capital appreciation.

20% Stocks
80% Bonds

B
20-26 Points

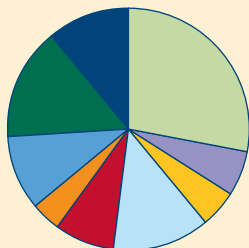


- Large-Cap Stocks **19%**
- Mid-Cap Stocks **5%**
- Small-Cap Stocks **3%**
- International Stocks **8%**
- Global Stocks **5%**
- High Yield Bonds **5%**
- Intermediate-Term Bonds **13%**
- Short-Term Bonds **23%**
- Cash/Fixed Interest **19%**

Moderate Strategy seeks to provide high current income and moderate long-term capital appreciation.

40% Stocks
60% Bonds

C
27-33 Points

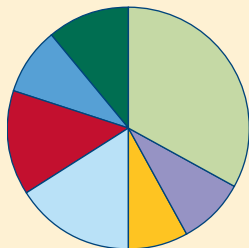


- Large-Cap Stocks **28%**
- Mid-Cap Stocks **6%**
- Small-Cap Stocks **5%**
- International Stocks **13%**
- Global Stocks **8%**
- High Yield Bonds **4%**
- Intermediate-Term Bonds **10%**
- Short-Term Bonds **15%**
- Cash/Fixed Interest **11%**

Balanced Strategy seeks to provide above average capital appreciation and a moderate level of current income.

60% Stocks
40% Bonds

D
34-40 Points



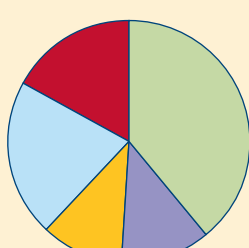
- Large-Cap Stocks **33%**
- Mid-Cap Stocks **9%**
- Small-Cap Stocks **8%**
- International Stocks **16%**
- Global Stocks **14%**
- High Yield Bonds **0%**
- Intermediate-Term Bonds **9%**
- Short-Term Bonds **11%**
- Cash/Fixed Interest **0%**

Aggressive Strategy seeks to provide high long-term capital appreciation with low current income.

80% Stocks
20% Bonds

AGGRESSIVE

E
41-50 Points



- Large-Cap Stocks **39%**
- Mid-Cap Stocks **12%**
- Small-Cap Stocks **11%**
- International Stocks **21%**
- Global Stocks **17%**
- High Yield Bonds **0%**
- Intermediate-Term Bonds **0%**
- Short-Term Bonds **0%**
- Cash/Fixed Interest **0%**

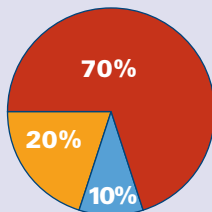
Equity Aggressive Strategy seeks to provide high long-term capital appreciation.

100% Stocks
0% Bonds

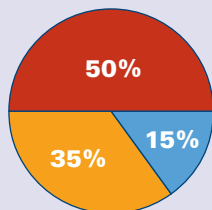
These risk profiles are samples only. The proper asset allocation for your situation may differ. In applying any one of the profiles to your individual situation, you also should consider your other assets, income, and investments (including home equity, savings accounts, and other retirement plans), as well as your needs, goals, and aversion to risk. If any of these factors change, you should review your investment allocation.

Rebalancing a retirement plan account

- Stocks
- Bonds
- Cash investments



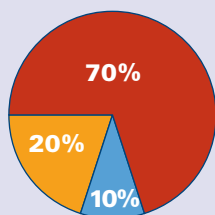
Planned investment mix



Investment mix after 12 months

Adjustment

Moved 15% out of Bonds and 5% out of Cash Investments back into Stocks



Rebalanced investment mix

Keeping it going

After you've made important decisions, don't fret over them. Let time do its magic — but don't forget to review your decisions throughout the year.

Why is rebalancing important?

Just as you should regularly review your retirement goal and opportunities to accumulate more, you also should review your investments and how well they are meeting your needs. Depending on how the different investment markets perform, you will need to rebalance your account periodically to bring your investment mix back in line with your original asset allocation and retirement goals.

Has anything changed?

Your asset allocation isn't cut in stone. As time goes by, you may find that things have changed since you first chose your investments. Your retirement goals, your family situation, the investment markets — any or all of these can affect how you want to invest your money. For example, many investors become more conservative the closer they get to retirement age. They are more interested in protecting the value of their accounts than earning high returns.

An annual review of your asset allocation will tell you whether your account is still invested the way you want or whether you need to make changes.

Don't walk away

Certain life events may change your risk tolerance and retirement goals and signal a need to look at your planning. Among these events:

- **Marriage**
- **Birth of a child**
- **A new job**
- **Spouse returns to work after being home**
- **Divorce**
- **Windfalls** (an inheritance, a large gift, lottery winnings)
- **A financial emergency** (job loss, family illness, casualty loss)
- **Children leave home to live on their own**
- **Death of a spouse**
- **Retirement date draws near**

