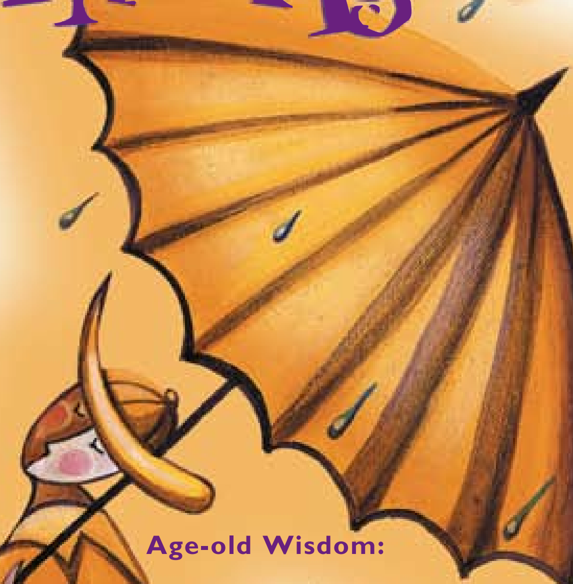
REINVENTING Retirement
YOUR RETIREMENT PLANNING NEWSLETTER
4th QUARTER 2001

One For The Ages



> No matter how old you are, the best time to save through your 401(k) plan is NOW!

When it comes to the retirement planning process, there are lessons you can build upon as you move through each stage of your life. Whatever age you are now, you'll find it useful to review each of the following life stage profiles. Use the "age-old" wisdom in each profile to put your own retirement planning in perspective and reaffirm your commitment to a better financial future!

20's and 30's: Declare Your Independence

Retirement? That's an eternity away! But by getting a head start on saving in your 20's and 30's, chances are you'll be in strong financial shape when you reach retirement.

Soon enough, other financial obligations and responsibilities will require more of your hard-earned dollars. It may be easier to develop the saving habit when you're young. Instead of spending all your disposable income now, get in the habit of saving more today in your employer's 401(k) plan!

At this age you may be able to take on more investment risk—for potentially higher long-term gains—because you have more time to ride out the stock market's ups and downs. In addition, you'll have more time to enjoy the power of tax-deferred compounding. Compounding happens when investments earn interest on the amount you invest plus the accumulated earnings. And in your 401(k) plan, nothing gets "hit" by taxes until you withdraw it.

[*]Investment returns in these examples are hypothetical based on an 8% annual rate of return (the industry uses 8% as a standard rate of return for people in this age category), compounded monthly, and do not represent the return of any particular investment; nor do they guarantee that your investment results will be similar. Your investments may grow or decline at higher or lower rates depending upon market conditions.

Age-old Wisdom:

The longer you have to invest, the more time you have for tax-deferred compounding to do its thing: achieve potentially higher growth for your money!

	Wade	Mia
Starts investing	at age 30	at age 40
Plans to retire	at age 65	at age 65
Years invested	35	25
Monthly investment	$50	$100
Total invested by age 65	$21,000	$30,000
Balance at age 65[*]	$114,694	$95,103

By the time Wade reaches age 65, he has actually invested $9,000 less than Mia. But he ends up with $19,591 more in his account, thanks to the power of time and tax-deferred compounding. Just think of the potential if he had started even earlier!

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40's and 50's: Tap Into Some Middle-aged Momentum

Your 20's and 30's came and went in a blur. Where did the time go? In your 40's and 50's, the push and pull of family financial obligations are most likely at their peak. Budgets are tight. It may be hard to imagine yourself saving much for retirement during this period of your life.

One smart way to cover all the bases is to "pay yourself first" through automatic contributions to your 401(k) plan, then take care of the other expenses. In addition, you may still have time to invest your savings aggressively for potentially higher long-term growth (depending on your ability to handle a greater degree of risk). Generally speaking, you can invest fairly aggressively if you have 10 years or more to go before retirement.

In addition, the Economic Growth and Tax Relief Reconciliation Act of 2001, which takes effect in 2002, includes a "catch-up" savings provision for people age 50 and over. It's an increased contribution limit that gives you an opportunity to make up for some "lost" saving time, if your plan allows it. Please refer to Retirement in Motion, on the back page of this newsletter, for an overview of this new savings opportunity.

Age-old Wisdom:

Even if you're in your 40's and 50's, the fact remains the same: The sooner you start, the less you need to save each month to meet your retirement nest egg goal.

	Wade	Mia
Starts investing	at age 40	at age 50
Plans to retire	at age 65	at age 65
Nest egg goal	$500,000	$500,000
Years to invest	25	15
Monthly investment*	$550	$1,482

Because Mia waits 10 years longer than Wade to start saving, Mia must put away over $900 more per month to reach the same goal!

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60's and Beyond: Boost the Balance

At age 60 and beyond, the reality of retirement may finally start to hit you: It's not the end of anything, but the beginning of something else—a stage of life that could last 20 or more years. Many people come to the late realization that Social Security benefits will not be enough to provide the lifestyle in retirement that they had once envisioned. And with people living longer, the effects of inflation on your buying power will continue to be a factor.

Now is the time to really make participating in your 401(k) plan (or increasing your contribution) a major priority—while you still have some full-time working years remaining. You may be at the peak of your earning power and able to save larger amounts than in the past—especially if the majority of your family financial obligations are behind you. Even a few hundred dollars a month can make a big difference!

If you save and invest wisely now, it could pay off when you need it the most. You might be able to leave some of your savings alone until you're age 75, 80, or even older. During that time, these assets continue to have the potential to grow even further.

Age-old Wisdom:

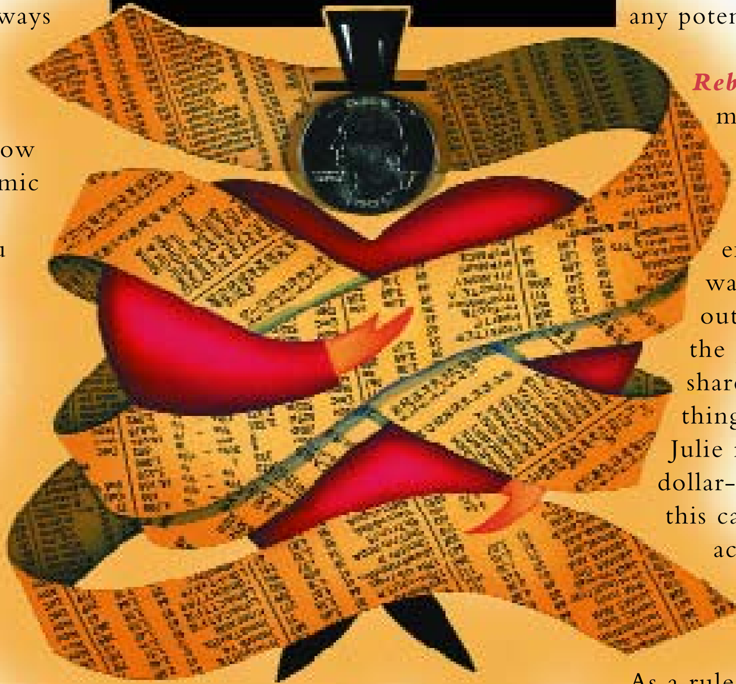
Even with a really late start, you can still give your 401(k) account balance a potentially significant boost.

	Wade
Starts investing	at age 60
Monthly savings amount	$500
Stops investing	at age 65
Account value at age 65*	$34,743
Account value at age 75*	$62,219

Wade's account almost doubles in value during the 10 years from age 65 to 75, without any further contributions.

****Investment returns in these examples are hypothetical based on a 6% annual rate of return, compounded monthly, and do not represent the return of any particular investment; nor do they guarantee that your investment results will be similar. The industry uses 6% as a standard rate of return for people in this age category. Your investments may grow or decline at higher or lower rates depending upon market conditions. These illustrations are not based on (or predict the performance of) any specific investment or savings strategy. Most 401(k) investments will move up and down with the market over time, producing better or worse actual returns for you. Your returns are not guaranteed. Withdrawals made prior to age 59½ may incur a 10% IRS penalty.***

INVESTING FROM THE HEART



During these times, we all seek to restore our sense of security. We look for meaningful, personal ways through which to do so. One of those ways is to continue investing with confidence in your own future. No matter how much world events and economic uncertainties challenge your resolve, it's important that you stay true to yourself and your investment strategy.

Staying True to Your Investment Strategy

When you first enrolled in your 401(k) plan, you spent some time determining your investment time horizon, tolerance for risk, and investment return objectives. You then selected how you wanted your money divided up, or allocated, among the three major asset classes (stocks, bonds, and stable assets/cash equivalents). You've most likely been following that investment strategy ever since—each new contribution is allocated according to your original wishes.

With any extended market downturn, it's important to make sure that your current account balance reflects your original investment strategy. If you have a calculator and your most recent account statement handy, you can easily check it out. Use the following example as inspiration.

A few years ago, Julie determined that she was comfortable with about 70% of her portfolio in stock funds and the rest in bond funds. But over the past year, the stock market has experienced a significant decline, driving down the value of her stock funds to around 55% of her overall portfolio. Her most recent account statement shows that her investment mix has become more conservative than she intended (her bond funds now make up about 45% of her overall portfolio). If stock funds were to experience significant gains, Julie would not benefit from these gains as she had intended because of the increased percentage of bond funds. In the event of a market upturn, Julie is not currently positioned to benefit as fully as she intended from any potential gains in her stock funds.

Rebalancing is simply shifting money from one asset class to another in order to maintain your appropriate investment mix. In the example below, Julie may want to consider selling shares out of her bond fund. With the proceeds, she can buy more shares in her stock fund, to get things back up to around 70%. Julie may also want to employ dollar-cost averaging, which in this case means *rebalancing* her account gradually over a short-term period of time, versus "one fell swoop."

As a rule, it's always smart to check your account at least annually to see if it needs to be *rebalanced*. You may also want to check with your plan administrator for details on transferring money between funds within your retirement account. During your annual check-up, be sure to review your risk tolerance, time horizon, and investment return objectives. Circumstances can and will change!

Julie's Statement

Asset Class	*Fund Name*	*Original Allocation%*	*Current Allocation%*
Stocks	**Acme Growth Fund**	**35%**	**25%**
Stocks	**Acme Value Fund**	**35%**	**30%**
Bonds	**Acme Income Fund**	**30%**	**45%**
	Total Stock Fund Allocation	**70%**	**55%**
	Total Bond Fund Allocation	**30%**	**45%**

Julie calculates her current allocation for each individual investment by taking the value of each investment as reflected on her most recent account statement and dividing each fund's total by her total account balance.

Retirement In Motion

A REGULAR SPOTLIGHT
FOR PARTICIPANTS APPROACHING RETIREMENT

Getting in on the Act

For anyone age 50 or older, saving for retirement becomes more important with each passing year. But for many people, family financial obligations have taken priority over the past several years. Things like major home improvements, college expenses for children, or helping out with aging parents have taken up a lot of disposable income (not to mention the plain old daily costs of life!). Finding a way to make a significant contribution to your retirement savings remains a constant challenge.

Well, help has arrived. On June 7, 2001, President Bush signed into law the Economic Growth and Tax RELIEF Reconciliation Act of 2001, which created a number of enhanced 401(k) plan savings opportunities that go into effect this year (RELIEF is the acronym for Restoring Earnings to Lift Individuals and Empower Families).

If you are looking for a way to play "catch-up" with your retirement savings plan, you need to be aware of these new savings opportunities.

Annual contribution limits to 401(k) plans will increase according to a predetermined schedule every year. In addition, 401(k) savers who will be age 50 or older by the end of the year are allowed to contribute an extra amount over and above the new annual limits. If your plan allows catch-up contributions, here's what it can mean for you:

Year	Contribution Limit	Additional Contribution Limit (50 and over)	Total Savings Opportunity
2002	$11,000	$1,000	$12,000
2003	$12,000	$2,000	$14,000
2004	$13,000	$3,000	$16,000
2005	$14,000	$4,000	$18,000
2006	$15,000	$5,000	$20,000
2007+	*	*	

**To be increased in $500 increments as an allowance for cost of living adjustments.*

Be sure to contact your plan administrator about the availability of these savings enhancements in your 401(k) plan. You'll want to review any changes you intend to make to your contribution level. You are also strongly encouraged to review your personal situation with a qualified tax advisor or accountant.

Great Comebacks in Stock Market History

Although recent events in our country are sure to challenge our investing spirit, history shows us that the stock market has a way of getting back on track over time. Looking at the following market reactions to crisis events in history can help us look forward more clearly and calmly.

Dow Jones Industrial Average
Gain/Loss after each event

Event	Reaction Dates	% Loss	22 Days	63 Days	126 Days
Pearl Harbor	12/7/41 to 12/10/41	-6.5	3.8	-2.9	-9.6
Korean War	6/23/50 to 7/13/50	-12.0	9.1	15.3	19.2
Arab Oil Embargo	10/18/73 to 12/5/73	-17.9	9.3	10.2	7.2
Nixon Resigns	8/9/74 to 8/29/74	-15.5	-7.9	-5.7	12.5
Financial Panic '87	10/2/87 to 10/19/87	-34.2	11.5	11.4	15.0
Asian Market Crisis	10/7/97 to 10/27/97	-12.4	8.8	10.5	25.0

Source: Ned Davis Research. Days are market days. ***Past performance is not indicative of future results.***