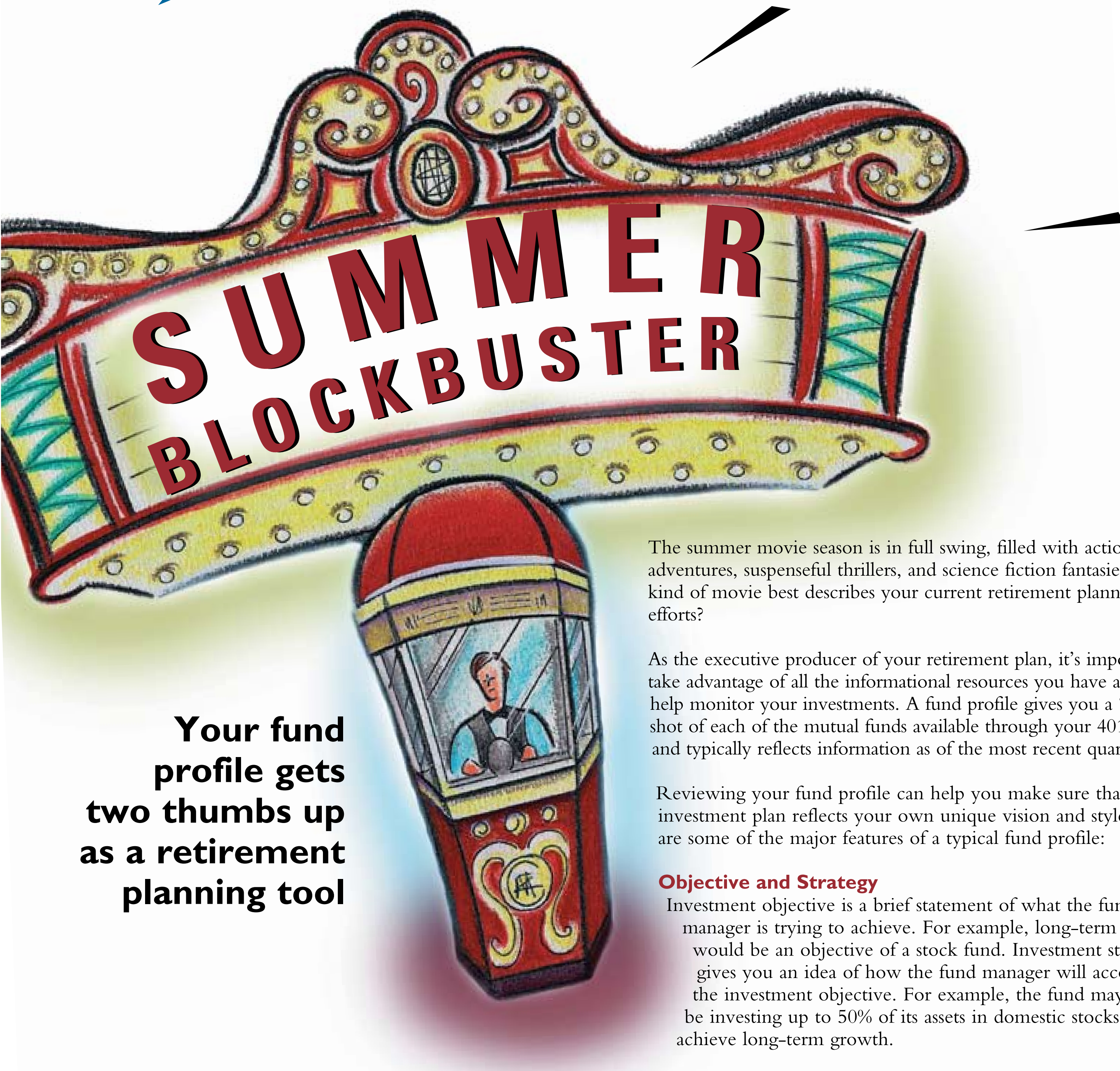
REINVENTING Retirement
YOUR RETIREMENT PLANNING NEWSLETTER
2nd QUARTER 2002



Your fund profile gets two thumbs up as a retirement planning tool

The summer movie season is in full swing, filled with action-packed adventures, suspenseful thrillers, and science fiction fantasies. What kind of movie best describes your current retirement planning efforts?

As the executive producer of your retirement plan, it's important to take advantage of all the informational resources you have available to help monitor your investments. A fund profile gives you a "close up" shot of each of the mutual funds available through your 401(k) plan and typically reflects information as of the most recent quarter-end.

Reviewing your fund profile can help you make sure that your investment plan reflects your own unique vision and style! Here are some of the major features of a typical fund profile:

Objective and Strategy

Investment objective is a brief statement of what the fund manager is trying to achieve. For example, long-term growth would be an objective of a stock fund. Investment strategy gives you an idea of how the fund manager will accomplish the investment objective. For example, the fund may currently be investing up to 50% of its assets in domestic stocks to help achieve long-term growth.

Performance History

A typical fund profile shows the returns for the fund over different periods of time. As a long-term investor, it's often more important for you to track the fund's performance over a period of 5 or 10 years to get a real feel for the big picture. Remember, past performance is no indication or guarantee of how the fund will perform in the future.

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Index Benchmark
Some fund profiles compare the fund's performance to that of an index. You can think of an index as a "mirror" of the investment market. An index is created by taking a sampling of investments with similar characteristics, such as company size. One of the most popular indices for comparison is the Standard & Poor's 500 Index, which is a representative sampling of 500 large U.S. companies from all of the major sectors of the economy.

Fund Inception
The fund inception date is the date the fund became available to investors. The older the fund, the longer the track record.

Fund Manager(s)
Fund managers are the people charged with making sure your fund stays true to its vision. The fund management team performs the day-to-day research, buying and selling of securities in order to maintain the objective and strategy of the fund.

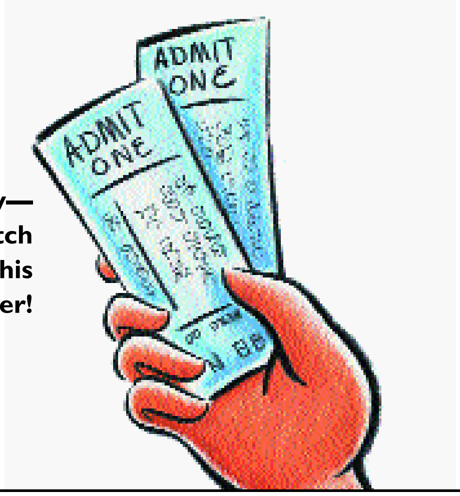
Portfolio Assets
This is the current market value of the fund's holdings.

Fund Holdings
Fund holdings give you a snapshot of what the fund is currently investing in. Typical fund profiles may show this a couple of different ways. Portfolio Composition breaks out the holdings by the type of securities (% of holdings in domestic stocks, for example). Top 10 Holdings show a list of the 10 stocks or bonds with the most influence on the fund's overall performance (% of total holdings in Microsoft stock, for example). A fund profile for an international fund may also list the 10 countries the fund invests in.

Expense Ratio
This gives you an idea of what the fund charges for management and other operations, such as administration and marketing.

Lights, Camera, ... Action!
Make it a goal to stay updated on all the aspects of your investments on a regular basis. You can obtain the most recent quarterly fund profile for your mutual funds from your plan administrator. In addition, be sure to obtain a prospectus for any new fund you are considering.

And by the way—don't forget to catch a good movie this summer!



A Matter of STYLE

Understanding the difference between growth and value stock funds

Looking to make a fashion statement with your 401(k) investments?

Some of the stock funds offered through your 401(k) plan may be categorized as either **growth** or **value** funds. The differences between the two are a matter of management style (the approach that a portfolio manager uses to choose the fund's investments).

While two stock funds may have the same investment objective (long-term growth, for example), their holdings may be very different.

A **growth-oriented** portfolio manager might invest in the stock of up-and-coming new companies or companies on the cutting edge of new technologies.

A **value-oriented** manager might buy stocks of well-known companies whose stock price is in a slump but that the manager expects to make a comeback.

Diversification Through Style
Although both types of funds may provide strong returns over the long term, their returns would probably be significantly different over the short term. That's because growth stocks tend to do better under a different set of economic circumstances than value funds. For this reason, you may want to consider both types of stock funds in your portfolio, to help achieve some additional diversification. Before investing in stock funds, make sure you take into account your overall tolerance for risk, years to retirement, and other financial goals.

The Art of Retirement

Become a Patron of Your 401(k) Plan

When it comes to retirement planning, what is true art? Most people would agree that it takes a few bold, decisive strokes. Not to mention a little inspiration! The following exhibits will help you view your 401(k) plan in a whole new light.

Retirement: A Self-Portrait

- You'll need to replace about 75% to 85% of your annual preretirement working income.
- Advances in medicine and a healthy lifestyle could mean 20 or more years in retirement for you.
- Social Security may not be enough.
- Inflation will continue to chip away at the purchasing power of your retirement dollars.

Early Influences

The earlier you start saving through your 401(k) plan, the sooner you can start enjoying the benefits of pretax savings, tax-deferred compounding, and your employer match (if offered).

Invest $100 Per Month Now, or Wait?

F YOU	Start Now	Wait 3 years	Wait 5 years
After 10 years it will be worth	$18,417	$11,286	$7,397
After 20 years it will be worth	$59,295	$43,468	$34,835
After 30 years it will be worth	$150,030	$114,899	$95,737

Assumes an investment in a tax-deferred retirement account in which you hypothetically earn an average annual rate of return equivalent to 8%, compounded monthly. This illustration is not based on (or predicting 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.

Create Your Own Canvas

Your plan offers you a wide range of investment options—but it will be up to you to create the investment strategy that best matches your own personal style. Make sure you take into account your years to retirement, tolerance for risk, and other financial goals. Carefully review the fund profiles and prospectuses for any funds you are considering investing in.

Color Outside the Lines

In order to grow as an artist, you must utilize any planning and education tools available through your plan provider. In addition, you can visit the American Savings and Education Council Web site at www.asec.org. Click on "Savings Tools" to check out the Retirement Readiness Quiz, Ballpark Retirement Savings Estimator, and Retirement Personality Profiler.

What Is the True Art of Retirement?

- **Shows Discipline**
  The true retirement planning artist understands the concept of paying yourself first. Your 401(k) plan commits you to saving regularly through convenient, automatic payroll contributions. Chances are you won't even miss the money!

- **Takes Chances.**
  Most artists may need to consider some exposure to riskier, growth-type investments in order to manage inflation and help position themselves for the long-term growth necessary to achieve their retirement goals.

- **Pushes the Limits**
  The true artist is always looking for ways to increase contributions on a regular basis. If you are prone to impulse purchases, think carefully about how that money could be better spent toward investing in your retirement future. If you frequently suffer financial setbacks, consider building an "emergency fund" to cover at least three months of living expenses.

Retirement In Motion

A REGULAR SPOTLIGHT
FOR PARTICIPANTS APPROACHING RETIREMENT

Balancing Act

As you make the transition from working life to retired life, investment planning will become a bit of a balancing act. You'll have to balance your need for income (to meet your living expenses for potentially the next 20+ years) with your need to maintain some growth (to help keep up with the cost of living).

As you begin to develop your investment plan for achieving this balancing act, you may come across a financial product known as an annuity. For some people, rolling over a portion of your 401(k) savings into an annuity may represent a sound financial strategy.

An annuity is a contract between you and an insurance company, under which you make a lump-sum payment or series of payments. In return, the insurance company agrees to make periodic payments to you beginning immediately or at some future date. There are many types of annuity products out there, each with several different options and features to suit many different needs.

Two Major Types of Annuities

- A **fixed annuity** provides a series of regular payments of a specified dollar amount for a specified term. The insurance company invests your premium in fixed-rate investments, such as bonds.

- A **variable annuity** provides regular periodic payments but the dollar value of those payments may vary depending on the performance of the underlying investments (which may include stocks, bonds, and mutual funds).

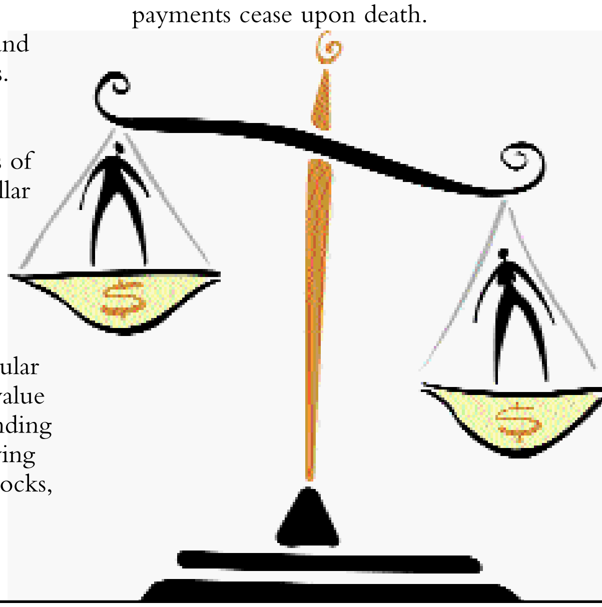
These two basic types of annuities can be further classified according to when you decide to begin taking payments:

- An **immediate annuity** begins the payments immediately after you fund the annuity with a lump-sum payment.

- A **deferred annuity** will delay starting the payments for some period of time, allowing for an "accumulation period" during which time your investment may grow tax-deferred. That's right—annuities allow you to continue to receive the same benefit of tax-deferred compounding that you enjoyed with your 401(k) plan savings.

Some Common Payout Options

- A **life annuity** option provides regular payments for the life of the annuitant (the person receiving the payments). With this option, a person cannot outlive their income stream. However, payments cease upon death.



- A **life with term certain** option provides for regular payments for the life of the annuitant. If the annuitant dies before the specified minimum number of time periods, then the beneficiary will continue to receive payments for the remainder of the specified time period.

- A **joint and survivor** option provides income for the life of the annuitant and the specified survivor (usually a spouse). The benefit amount paid to the survivor typically decreases after the passing of the annuitant.

Although annuities are complete products, it might be valuable for you to explore them further. You'll want to make sure you consult with a qualified financial advisor when considering annuity products. It's important to remember that annuities, like all other financial products, should be considered as part of your overall financial plan.

Additional Resources

The Complete Idiot's Guide to Buying Insurance and Annuities by Brian H. Breuel
Creating Retirement Income by Virginia B. Morris

Annuities involve risks. When considering annuities, you must consider many factors, including the solvency of the insurance carrier, expenses, commissions, and surrender charges. Deferred fixed annuities offer an introductory interest rate effective through a specified period, at the end of which the rate will renew at a rate either higher or lower than the initial rate, depending on the current economic climate. Variable annuities are registered investment securities and involve the same risks as mutual funds. Please read the prospectus before considering the purchase of any variable annuity. **Not FDIC Insured. No Bank Guarantee. May Lose Value.**

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