REINVENTING Retirement
YOUR RETIREMENT PLANNING NEWSLETTER
4th QUARTER 2007

Book Smart

New Year Resolution: Acquire More Knowledge!

When it comes to your personal finances, don't worry. Be happy! There are plenty of resources out there that can educate you and help boost your confidence in your financial future.

They're called books. Remember books? Remember when you had time to actually read one?

We're not talking about the latest John Grisham or Stephen King novel. Or another "30 Minute Meals" book from Rachael Ray. Or even one of the latest selections from "Oprah's Book Club." Not that these books aren't all spell-binding and vastly entertaining. What we are talking about here is honest to goodness self-improvement.

Take time to review some of the books described on the next page. They're available in bookstores or via Web sites such as amazon.com or barnesandnoble.com—or maybe for free through your local public library. Now that's being book smart!

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One for the Road

Increasing your contribution percentage by just 1% can give your future a real boost

Increasing the amount you contribute to a retirement account (such as a 401(k) or IRA) or any other kind of investment account by just one percent can really boost your savings potential. Let's say you are making $35,000 per year and contributing 5% of your salary to an investment plan. That equals around $146 saved per month. In 20 years, assuming a hypothetical rate of return of 8%, that savings could potentially grow to almost $86,000. Now, what happens if you increase your savings by 1%? That's only around $30 more per month. That little extra boost to your investing plan can potentially mean an additional $17,176 in twenty years! Just think what it could be if you increased your contribution by 1% *every* year!

This is a hypothetical example based on an annual rate of return of 8%, compounded monthly. It is not intended to reflect an actual investment strategy.

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Book Smart: *Recommended Reading!*

DIRECTIONS: Put a check in the box of any (or all) of these situations that may apply to you. Once you've done that, check off the other box once you've read the book. Keep this list handy, such as on a bulletin board in your home office. Or better yet, take a magnet and stick it on your refrigerator where it will be front and center all year long. If you do the work and read the books, you may feel significantly more confident (and knowledgeable) about your financial future at this time next year!

My Reading List

☐ **Did you blow out your wallet and your credit cards over the holidays buying presents for everyone and their dog?**
It's never too late to start planning for the next holiday season—and how you are going to curb your spending! Check out "Hundred Dollar Holiday: The Case for a More Joyful Christmas" by Bill McKibben. "The point is not to stop giving; the point is to give things that matter," writes McKibben. "Give things that are rare—time, attention, memory, whimsy. We run short on these things in our lives, even as we have an endless supply of software, hardware and ready-to-wear."

☐ **I read the book(s)**

☐ **Are you searching for nirvana—or at least a little financial peace?**
Many people have financial worries—even though they may be a higher earner or are financially secure. For these people, the issue is emotional, not fiscal. For individuals or couples looking for financial peace, check out "Money Harmony: Resolving Money Conflicts in Your Life and Relationships," by Olivia Mellan. "Money harmony comes from within," writes Mellan. "It cannot be bought by simply acquiring more money."

☐ **I read the book(s)**

☐ **Are you breaking out in hives over the thought of retirement planning?**
People with retirement financial worries will benefit from "The Retirement Catch-Up Guide: 54 Real-Life Lessons to Boost Your Future Resources Now!" by Ellen Hoffman. Hoffman profiles people who have been able to retire despite low-paying jobs, poor saving habits or credit card debt.

☐ **I read the book(s)**

☐ **Are you a soon-to-be retiree stressing about the next stage?**
For retirees worried about the next 20+ years, check out "The New Retirement: The Ultimate Guide to the Rest of Your Life" by Jan Cullinane and Cathy Fitzgerald. The authors understand that retirement can be stressful for a lot of people. In fact, they point out that of the 42 life events that are the most stressful, retirement comes in 10th (the death of a spouse is #1).

☐ **I read the book(s)**

☐ **Are you in the market to buy a house?**
Everything you always wanted or needed to know about becoming a home sweet homeowner can be found in "House Poor: Pumped-Up Prices, Rising Rates and Mortgages on Steroids" by June Fletcher.

☐ **I read the book(s)**

☐ **Are you looking for a good all-purpose personal finance book?**
One book that covers a lot of ground is "Smart and Simple Financial Strategies for Busy People" by Jane Bryant Quinn. Spendthrifts may enjoy "The Total Money Makeover" by Dave Ramsey.

☐ **I read the book(s)**

☐ **Are you looking for a good investment primer?**
"The Only Investment Guide You'll Ever Need" by Andrew Tobias has recently been revised. However, it may not be the only investment guide you'll ever need. Another good resource is "A Random Walk Down Wall Street" by economist Burton G. Malkiel.

☐ **I read the book(s)**

☐ **Children are the future. So, have you done anything to educate your kids, nieces or nephews about money and investing last year? Check box if the answer is "no."**
Check out "Raising Money Smart Kids: What They Need to Know About Money…and How to Tell Them," by Janet Bodnar. For young children between ages 8 and 12, check out Neale S. Godfrey's "Ultimate Kids' Money Book." And if you want to teach young children about charitable giving, check out "The Giving Book: Open the Door to a Lifetime of Giving" by Ellen Sabin. This 64-page, spiral-bound book includes journal pages and fun activities intended to teach children ages 6 to 11 the importance of philanthropy.

☐ **I read the book(s)**

Sounds of the '80s

A look back in history provides some perspective on inflation risk and investing

In the year **1988**, the Hubble Space Telescope began operation to explore deep space (and is still in full use today in 2008). When it came to video games, Donkey Kong Jr. was the top of the line. Everyone knew what you were talking about when you mentioned the Rubik's Cube, Miami Vice fashion, or J.R. from the smash hit TV series "Dallas." And, things were still going strong for those big hair bands of the 80s (think: Motley Crue, Poison, Whitesnake, etc.).

	1988	2008
Average cost of a new house:	$91,600	$223,800
Average price for a new car:	$10,400	$28,000
Average price for a gallon of gas:	$0.91	$2.90
Average price of a movie ticket:	$3.50	$8.00
Cost of a U.S. postage stamp:	$0.24	$0.41
Average cost of a dozen eggs:	$0.65	$1.50

Sources: Kmotion Research; Bureau of Labor statistics; National Association of Realtors. Prices 30 years from now are projections only and assume a 3% inflation rate.

Inflation risk is the possibility that inflation may eat away at your money's purchasing power, and may not buy as much retirement in the future as it does today. Let's look at some of those 2008 prices and imagine what they might be like 20 years from now (using a hypothetical annual inflation rate of 3%):

	20 YEARS FROM NOW??
Average cost of a new house:	$404,208
Average price for a new car:	$50,571
Average price for a gallon of gas:	$5.24
Average price of a movie ticket:	$14.45
Cost of a U.S. postage stamp:	$0.74
Average cost of a dozen eggs:	$2.71

How can you help manage inflation risk in your investment planning? It's simple. Consider allocating a portion of your money to equity investments, such as stocks or stock mutual funds. Although equity investments have greater potential for volatility, over the long term they have historically also had greater potential for staying ahead of inflation.

How much you invest in equities is a very personal decision. However, the younger you are, the more risk you can probably take on. And once you retire, you'll still want to consider equities in your investment portfolio. After all, your retirement can last twenty years or more—plenty of time for prices to keep going up!

Match it! Movie Trivia of the '80s

Match these movie hits of 1988 with their star:

a. Rain Man
b. Beetlejuice
c. A Fish Called Wanda
d. Big
e. Die Hard

1. Michael Keaton
2. Jamie Lee Curtis
3. Tom Hanks
4. Bruce Willis
5. Tom Cruise

Answers: a–5; b–1; c–2; d–3; e–4.

Retirement in Motion

TIPS AND RESOURCES THAT EVERYONE CAN USE

Boomers on the Brink

Issues facing participants approaching retirement

On October 15, 2007, Kathleen Casey-Kirschling became the first Baby Boomer to file for Social Security retirement benefits. The former school teacher was born in Philadelphia at one second past midnight on January 1, 1946. That made her the first of the Baby Boom, according to the Social Security Administration. Social Security Commissioner Michael Astrue says that an average of 10,000 Boomers will become eligible for retirement benefits each day. You can check out www.ssa.org for more information on the Social Security program, including online calculators that can help you estimate what your monthly retirement benefit may be.

Q & A

Common questions asked by retirement plan participants

What is an asset class?

An asset class is just a fancy name for an investment category. Examples of investment categories include stocks, bonds, cash, or real estate. When it comes to investing, it is always a good idea to consider diversifying your money among different asset classes, keeping in mind your own personal risk tolerance, time horizon and other financial goals.*

**Diversification does not ensure against loss.*

Tools & Techniques

Resources and ideas to guide you in your retirement planning efforts

Unfortunately, guarding against identity theft and other financial scams is more important today than ever. A new Web site called FakeChecks.org is a good resource for learning about the latest financial scams. The Web site was created by the National Consumers League and is sponsored by the U.S. Postal Inspection Service. Find out the early warning signs on such things as work-at-home scams, rental scams, sudden riches (lottery or sweepstakes winnings) scams, and foreign business offers. There's even an example of an online love scam, which seems especially cruel. After all, isn't real love hard enough?

Quarterly Reminders

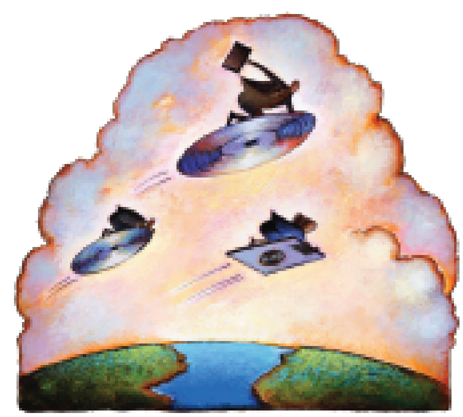
- It's the start of another New Year—have you developed any financial resolutions yet? Here's a simple one: learn more about personal finance. Make sure you check out the "Book Smart" article in this newsletter. Make a pact with yourself to read at least two of the books. You'll be pleasantly surprised at how just a little additional knowledge may make you more confident about your financial future.
- Now is a good time to review your beneficiary designations on such things as retirement accounts and life insurance policies. Events such as marriage, divorce, and having children are just a few of the life changes that can warrant a beneficiary review

Corner on the Market

Basic financial terms to know

January Effect

This term is given to a general increase in stock prices during the month of January. This phenomenon is generally attributed to investors buying stocks that have dropped in price following a sell-off at the end of December by investors seeking to create tax losses to offset any capital gains. This historical trend, however, has been less pronounced in recent years because the markets have adjusted for the effect. Another reason the January effect is now considered less important is that more people are using tax-deferred retirement plans and therefore have no reason to sell at the end of the year for a tax loss.



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