DOLLAR-COST AVERAGING CAN HELP YOU REACH YOUR RETIREMENT GOALS

SYSTEMATIC CONTRIBUTIONS TAKE THE GUESSWORK OUT OF WHEN AND HOW MUCH TO INVEST

This strategy helps keep your emotions and the guesswork out of the equation and ensures consistency. By investing the same amount on a regular basis, you are taking advantage of market ups and downs. Your contribution amount remains the same, but the number of shares/units you buy will vary based on the market value of the purchase.

WHAT IS DOLLAR-COST AVERAGING?

Dollar-cost averaging simply refers to a strategy where you invest a fixed amount of money over a period of time.

LET'S SEE THREE SCENARIOS WHERE $400 IS INVESTED.

1. **One-Time Investment in February (No Dollar-Cost Averaging Used).** If you are not utilizing dollar-cost averaging, you might choose to invest all $400 in February, when the share price is at a peak of $25. This would result in a purchase of 16 shares. (Unfortunately, you wouldn't realize you were buying high at the time.)
2. **One-Time Investment in April (No Dollar-Cost Averaging Used).** Alternatively, if you invest the same $400 in April, when the share price is $10, then you would have 40 shares! This would be a pretty lucky event, as no one knows exactly when to buy or when the share price will rise and fall.
3. **Investing over a Period of Time (Dollar-Cost Averaging Used).** In the hypothetical example below, you may decide instead to contribute $100 each month into your retirement plan and thereby utilize dollar-cost averaging. With this approach, you are buying shares at different prices.

   As a result, the average price paid per share of $13.79 would be lower than the average market price over the same period ($16.25).* At the time of purchase, a lower average price is a better price. While dollar-cost averaging doesn't guarantee a profit or protect against a loss, this strategy may lessen the risk associated with making ill-timed lump-sum investments.

HOW DOLLAR-COST AVERAGING WORKS

	JANUARY		FEBRUARY		MARCH		APRIL		TOTAL	AVERAGE COST PER SHARE
AMOUNT INVESTED	$100	+	$100	+	$100	+	$100	=	$400	$13.79†
COST PER SHARE	$20		$25		$10		$10			
SHARES PURCHASED	5	+	4	+	10	+	10	=	29	

This does not represent any particular investment. No investment is risk free, and a systematic investment plan does not ensure profits or protect against loss in declining markets.
***** Average market price per share for four-month period = $16.25 ([$20+$25+$10+$10]÷4 months).
† Total investment amount ($400) divided by total number of shares purchased (29 shares) = $13.79

THE BENEFITS OF STICKING TO A PLAN

Since retirement has a long time horizon, you can be sure the markets will hit some highs and lows along the way. By sticking to a plan, investing in a balanced diversified portfolio and using dollar-cost averaging, you are on your way to a secure retirement.

HOW CAN I BUILD A DIVERSIFIED PORTFOLIO?

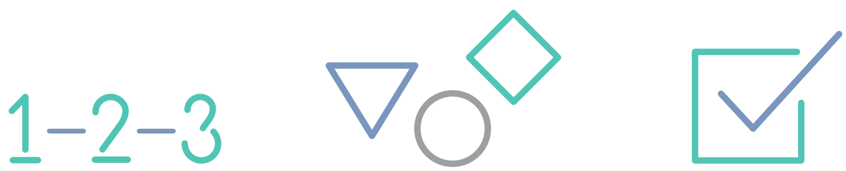
Consider your company's target-date fund. Target-date funds include a broad mix of different investment strategies that adjusts as you near retirement—automatically. These strategies can help reduce sensitivity to market, interest-rate and inflation risks in a portfolio. Diversifying against these risks can improve overall outcomes. Target-date funds are also designed to grow and preserve your nest egg over the course of your retirement time horizon. This diversification helps combat all types of investment risk.

A target-date fund typically has a date in its name; this is called the fund's "target date." The target date is the approximate year when you expect to retire and begin withdrawing from your account.

TARGET-DATE FUNDS

The three most important things to remember about target-date funds are that they are simple, provide diversification that changes over time as you approach retirement and are constructed by professional investment managers.

TARGET-DATE FUNDS ARE:



SIMPLE DIVERSIFIED EFFECTIVE

Investing in target-date funds does not guarantee sufficient income at retirement or protect against loss of principal. Diversification does not guarantee a profit or eliminate risk.

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