OnTrack

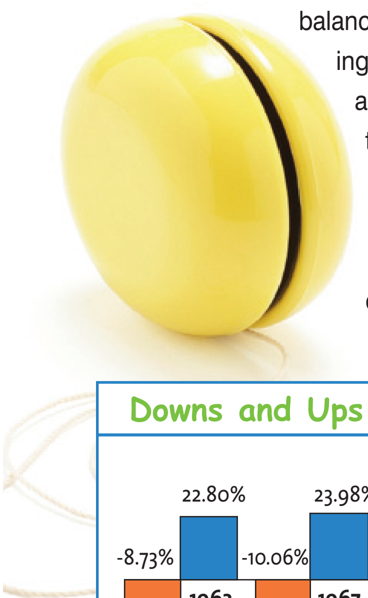
RETIREMENT PLANNERS
& ADMINISTRATORS, INC.
America's Premier Full Service Retirement Plan Provider
Since 1969
7639 Leesburg Pike - 2nd Floor
Falls Church, Virginia 22043
Phone 703.893.7322

Survival Tips for a ROCKY MARKET

Nobody likes it when stock prices go haywire. Up substantially one day; down precipitously the next. It's enough to make even seasoned investors sweat. But instead of getting jumpy when volatility picks up, stay calm and review the basics. Knowing what to do — and what not to do — will help you make better decisions about your retirement investments.

Shrug Off Paper Losses

Yes, watching your retirement account balance drop is unnerving. But as long as you don't sell, the losses your investments experience when the market declines are just "paper losses." You haven't actually lost any money if you continue holding those investments. Over time, your portfolio may be able to recover from its paper losses. Once you sell your investments, however, the losses are locked in — they're real.



Stay in the Game

If you're uncomfortable with falling stock prices, remember that selling may do more harm than good. Although past performance doesn't guarantee future results, history shows that market declines have often been followed by periods of price gains. In fact, over the long haul, the stock market has always eventually recovered from its losses. If you move out of stocks, you won't be able to benefit from potential upswings in the market.

Manage Risk

Diversifying* your portfolio by investing in a range of investments in several different asset classes helps control risk. If one investment type loses value, the others may gain or hold steady. If your retirement account isn't well-diversified, think about making some changes.

Go Long

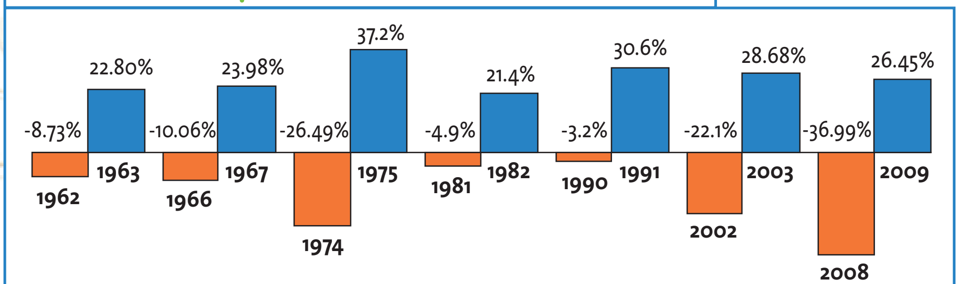
Investing for retirement is a long-term goal. Although there are no guarantees, stocks have the potential to provide inflation-beating returns over the long term. As you get closer to retirement, however, you may want to adjust your asset allocation to reduce risk in your portfolio.

Stay Focused

Regardless of what the market is doing, stay focused on why you're investing in the first place. By focusing on your goal, you'll be more likely to make the right moves.

** Diversification does not ensure a profit or protect against loss in a declining market.*

Downs and Ups: S&P 500 Annual Returns



The S&P 500 index is an unmanaged index of the stocks of 500 major U.S. corporations.
Past performance is no guarantee of future returns. Source: NPI

Get Your BUCKS in a ROW

Becoming a better money manager may not be at the top of your list of goals for the coming year. It may not even be *on* your list. But maybe it should be. Unless you have unlimited resources, the sooner you take control of your finances, the better off you're likely to be.

Check Your Cash Flow

Cash flow is a simple concept. If you spend less than you earn, your cash flow is positive. A positive cash flow means you have extra money to save and invest for the future. If you spend more than you earn, your cash flow is negative. There's no extra cash to stash away for later. You may even be in debt.

Follow the Money

If you're overspending, it's time to find out where your money is going. The only way to see what's really going on is to track your spending for a month or two. Record all of your purchases, even the little ones. You can write them in a notebook, save your receipts and create a paper spreadsheet, or use a smart phone or computer application to keep track.

Next, add up how much you spent during the month in various categories: rent or mortgage, utilities, food, gas, entertainment, clothing, and so on. For a complete picture of your spending, calculate monthly amounts for any semiannual and annual expenses you have, such as insurance and property taxes. Use the "actual" column in this sample worksheet to summarize spending and income amounts.

Monthly Cash Flow Worksheet

	Actual	Target
Food	$________	$________
Rent or mortgage	$________	$________
Credit card payments	$________	$________
Student loan payments	$________	$________
Utilities	$________	$________
Household maintenance	$________	$________
Auto loan	$________	$________
Auto maintenance	$________	$________
Transportation	$________	$________
Clothing	$________	$________
Entertainment	$________	$________
Insurance	$________	$________
Taxes	$________	$________
Savings and investments	$________	$________
Other	$________	$________
Total Monthly Expenditures	**$________**	**$________**
Wages or salary	$________	$________
Interest	$________	$________
Dividends	$________	$________
Other income	$________	$________
Total Monthly Income	**$________**	**$________**
Total Monthly Income	$________	$________
Total Monthly Expenditures	–________	–________
Monthly Net Cash Flow	**$________**	**$________**

Crunch the Numbers

Add up your income, subtract your total spending, and check your bottom line. If you're spending more than you're bringing in, the next step is pretty obvious: Reduce spending immediately. Take a look at where your money is going and identify where you can cut back. If you have high credit card balances, look at how much of your monthly payments represent interest. Eliminating debt can save a bundle.

If you're spending *less* than you earn, congratulations. But you can still look for places to trim your spending so you can increase the amount you're putting in the "savings and investments" category.

Finish the Job

Once you get this far, go one step farther and create a spending plan by deciding how much you *should* be spending in each category and write the amounts in the target column. Be sure to fill in the category for savings and investments. This is money you're going to need in the future. You may want to break it down into several subcategories that correspond to specific financial goals. Just be sure to put your biggest goal — saving for retirement — at the top.

Make It Work

It may not be easy, but taking control of your finances can make a big difference in the long run. You work hard for your money — why not make sure it's working as hard as it can for you?

Do You Need a KISS?

No, not *that* kind . . . this kiss is a Keep-Investing-Simple Strategy. And who couldn't use one of those? Actually, you may already be using a simple investment strategy without even realizing it.

Simple and Steady

When you participate in your employer's retirement savings plan, you're using an investment strategy called dollar-cost averaging.* With this approach, you invest a set amount of money in the same funds or portfolios on a regular basis. Your plan makes it simple and convenient to invest this way by automatically deducting contributions from your paycheck and directing your money into the investments you've chosen.

A Better Average

Here's what happens when you make regular fixed contributions to a fund regardless of its current price or market conditions. When the share price is high, you purchase fewer shares. When the share price is low, you purchase more shares. When the market is fluctuating, the average cost of each share you buy over a specific time period will generally be lower than the fund's average share price for the same period.

TLC for Your Future

In a world that is getting more complicated by the day, it's great to be able to simplify something as important as saving for your retirement. Dollar-cost averaging can take the guesswork out of when to invest and help you build the savings you're going to need.

* *Investing regular amounts steadily over time (dollar-cost averaging) may lower your average per-share cost, but this investment method will not guarantee a profit or protect you from a loss in declining markets. Effectiveness requires continuous investment, regardless of fluctuating prices. You should consider your ability to continue buying through periods of low prices.*

Investing with a KISS

		James		Emma	
	Price per share	Amount invested	Shares purchased	Amount invested	Shares purchased
Month 1	$25	$1,500	60	$250	10
Month 2	$20	$0	0	$250	12.5
Month 3	$15	$0	0	$250	16.7
Month 4	$18	$0	0	$250	13.9
Month 5	$22	$0	0	$250	11.4
Month 6	$25	$0	0	$250	10
Recap:		**James**		**Emma**	
Total amount invested:		$1,500		$1,500	
Total shares purchased:		60		74.5	

This is a hypothetical example used for illustrative purposes only. It is not representative of any particular investment vehicle. Your investment results will be different. The number of shares purchased is rounded to the nearest one tenth of a share. Source: NPI