OnTrack

RPA
Retirement Planners & Administrators, Inc.
7639 Leesburg Pike - 2nd Floor
Falls Church, Virginia 22043
Phone 703.893.7322

Investor, KNOW Thyself

You may have your dad's wit and your mom's competitiveness, but your personality is uniquely yours. And it influences the decisions you make.

You also have an investor personality, which influences the investment decisions you make. Maybe you never thought about it that way.

Here are three questions that can help give you some insight into your investor personality. Circle the answer that best describes you.

1. A coworker mentions that Company LMN is going to debut a major new product. Do you:

A. Buy stock in Company LMN?

B. Go to lunch?

C. Thoroughly research Company LMN, and then decide whether to invest?

2. You're unhappy with how your retirement plan investments performed last quarter. Do you:

A. Sell all the investments that performed poorly?

B. Do nothing because you didn't check your plan statement so you're unaware of any losses?

C. Compare the performance of the investments in question with the appropriate benchmark indexes before making a decision?

3. One of your plan investments delivered outstanding returns last quarter. Do you:

A. Move the majority of your portfolio into that investment?

B. Intend to move more money into the investment but never get around to it?

C. Do nothing because the investment is part of your overall diversified portfolio?

If most of your answers are:	This may describe your investment personality:
A	***Impulsive*** — Investors who buy and sell investments frequently without being guided by a clear plan. Impulsive investors may be prone to greater investment losses than investors who follow a well-thought-out strategy.
B	***Unengaged*** — Investors who avoid making investment decisions. Unengaged investors tend to ignore their investments and could miss out on some good investing opportunities. Staying put is not always the best course of action.
C	***Planner*** — Investors who are well aware of their risk tolerance, time frame, and goals and have allocated their assets accordingly. While planners may be on track to meet their investment objectives, they should periodically review their asset allocation and investment performance to determine whether changes are necessary.

Personality Change

If you don't fit neatly into one of these categories or you're in a category you're not comfortable with, don't worry. Your investment personality is not set in stone. If you have a tendency to be an impulsive or unengaged investor, you can make changes that will help you become a planner and set you on course to achieving your retirement goals.

A PLAN for All Seasons

Grab your sunglasses, summer's here. Time to kick back and relax. If only it were that easy. It would be great if all your worries disappeared when summer arrived . . . but that doesn't happen. Actually, if money is stressing you out and you're planning to take a vacation, summertime may be *extra* stressful.

Financial stress can strike at any time. If you're worried about money and your solution is to wait for things to get better, you're making a mistake. The best way to tackle money troubles is to take control and make some changes.

Look at the Difference

The faster you pay off your credit card debt, the less interest you'll pay and the sooner you'll have more money to save for other things. Look at the difference between paying $100 a month and $350 a month on a $5,000 credit card balance.

Monthly payment	# of months to pay off balance	Interest paid	Total payments
$100	73	$2,240	$7,240
$350	16	$461	$5,461

This is a hypothetical example used for illustrative purposes only. It assumes an interest rate of 13%.
Source: NPI

Find Your Inner Money Manager

You can't get a handle on your finances until you know where your money is going. And you can't manage your cash until you control your spending. Bottom line: Set up a spending plan (budget) that covers your expenses *and* frees up money to put toward your short- and long-term goals.

Deal with Your Debt

If you have outstanding credit card balances or loans, paying down your debt will free up extra cash. The less you pay in interest, the more money you'll have for other things, like saving for retirement. Credit cards generally carry high interest rates, so that's a good place to start.

To get a handle on credit card debt, stop using your cards for new purchases. Focus on the credit card account with the highest interest rate and pay off that balance. (Note: Always pay at least the minimum amount due on *all* outstanding balances and loans.) Once that debt is zeroed out, go on to the account or loan with the next highest interest rate.

Eliminate Any Penalties

When money is tight, every penny counts. You can't make every penny count if you have to pay late fees on your credit card accounts, loans, or other bills. Get in the habit of always paying on time. Try paying your bills as soon as they arrive or arranging for automatic payments (as long as you keep an eye on your bank balance to avoid overdraft fees and/or interest charges).

Less Stress Later, Too

Taking control of your finances can help improve your situation now . . . and later. Let's say you eliminate a few splurges and free up $10 a week. Since saving for retirement is a big goal and a top priority, you increase your contribution to your employer's retirement plan by that amount.

Over time, that extra money could make a substantial difference in your balance.

Once you see how much of a difference small amounts can make, you just might look for *another* $10 a week to contribute. And the next time you get a raise or bonus, you might decide to increase your contribution again.

A Long-term Solution

Here's a final thought: If you had to go to the trouble of setting up an outside account to save for retirement, would you do it? Saving in your employer's retirement plan is simple, convenient, and smart. With payroll deductions, you automatically add to your account every payday. And the tax-deferral benefits your plan provides help your account grow.

Knowing that you're steadily working toward your goal of a financially secure future is a great way to reduce financial stress.

The Power of $10

Weekly plan contribution	Account balance after 5 years	10 years	20 years	30 years	40 years
$10	$3,102	$7,500	$22,573	$52,865	$113,742
$20	$6,205	$15,001	$45,147	$105,731	$227,484
$30	$9,307	$22,501	$67,720	$158,596	$341,226
$40	$12,409	$30,001	$90,294	$211,462	$454,968

These are hypothetical examples involving participants who consistently make weekly contributions over various time periods and earn a 7% average annual investment return (compounded monthly). The illustration does not represent any specific investment product offered by your plan and does not include any investment fees and expenses. Your investment returns will differ, and it is unlikely that your contribution amount will remain the same over a long period. Pretax contributions and related plan earnings will be subject to ordinary income taxes and a possible early withdrawal penalty upon distribution. Source: NPI

Do Your INVESTMENTS Need a MATCHMAKER?

You like spicy food; your spouse doesn't. Your spouse likes to travel abroad; you're happy staying home. But that's okay. You don't *have* to like the same things or do the same things to be happy. When it comes to your retirement investments, though, it's important to be on the same page.

Yours + Mine = Ours

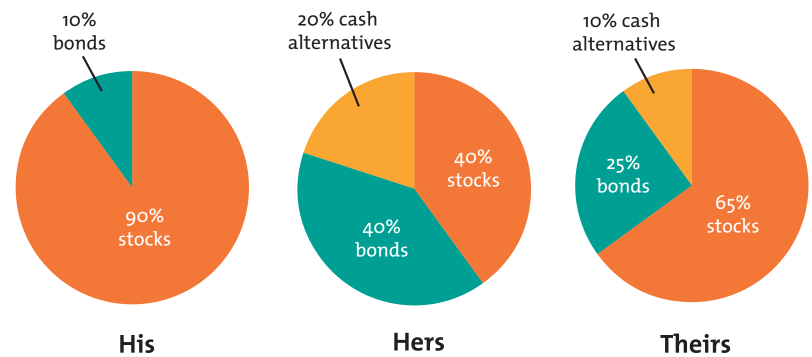
Spouses frequently have different attitudes about money. Lots of couples maintain separate bank accounts so they can manage money individually. As long as the bills get paid, they generally don't have a problem. But what about investing?

Couples often have different attitudes about investing, too. One might be an aggressive investor with a portfolio full of stocks. The other might be risk averse, holding mostly low risk investments. If they both contribute to retirement savings plans at work, should they coordinate their investment strategies? Or should they each make their own investment decisions?

The Big Picture

Even if you and your spouse prefer to make individual investment decisions, ideally you'll work together to develop an overall strategy for meeting your joint goals. Take a look at all your retirement investments to see how your *combined*

His, Hers, and Theirs



These hypothetical portfolios are for illustration only. They assume spouses have equal amounts invested. Cash alternative investments may not be federally guaranteed or insured, and it is possible to lose money by investing in cash alternatives. Returns on cash alternative investments may not keep pace with inflation, so you could lose purchasing power. Source: NPI

assets are allocated* among the different investment types. Then decide *together* whether your combined asset allocation is appropriate for your joint goals and investing time frames. If you have investments outside of your retirement plans, include them in your asset allocation decisions.

Talk It Over

Check your combined asset allocation at least once a year. If it has shifted, you may need to rebalance. Tweaking the investments in just one of your accounts may accomplish the results you want. As you get closer to retirement, your risk tolerance may change, leading you both in a more conservative direction. At that point — and at every point along the way — coordinating your investments will help you and your spouse reach your retirement savings goal.

** Asset allocation does not guarantee a profit or protect against losses.*