

It's Springtime! Time to Renew Your Goals

Gardening is rewarding—you can spend more time outside, and see direct results from your labor. It's also a useful model for investing. Planting a few seeds in good soil and letting time take its course can reward you with a plentiful harvest when it's time to retire.

Anyone with a green thumb knows there's one thing you need for a great garden: dedication. Take tomatoes. You can't just plant a few seeds, walk away, and expect to have perfectly ripe fruit in a couple months. Weeds crowd out the good stalks. And without direct sunlight, plants won't flourish. The difference between success and failure is usually just rolling up your sleeves and getting to work.

Seeding your portfolio

When thinking about your retirement, it's helpful to have a gardener's perspective. Just as you pore over your seed catalogs in the winter to pick the best varieties, you need to understand the funds that you own, and consider the market conditions that are necessary for a particular type of fund to flourish.

- If the economy is than less robust, for example, it may make sense for you to concentrate on large, established companies that pay healthy dividends.
- Smaller companies can be the fastest to grow at the end of a recession, as they can use their earnings to quickly develop new products and services.
- An extended down stock market may suggest that there's greater stability in high quality corporate bonds. Bonds can dampen volatility and can provide regular income, although maybe not so much in today's current low-yield environment.



Keep an eye on the weather

Probably the most important decision you can make in your retirement account is to have the right balance of stocks, bonds and cash that meets your time horizon, risk appetite and return objectives. If you have 10 or more years before you harvest your savings, you probably can own more stock funds; as you approach or enter retirement, you may want to prune them back in favor of bonds and cash. Do this once a year and you should be in great shape for the future.

Pay attention to market trends that might affect your investments' ability to grow. Keep in mind that a fund could be up or down solely because the overall market is up or down. Or it can lose value because a certain sector in which it invests falls out of favor—such as financial stocks for most of 2011. Once you connect what's happening in the economy to your portfolio, you can decide to do nothing to your asset allocation (hold), reduce your risk of losses (sell, when prices are high) or take advantage of lower prices to add to your position (buy, when prices are low).

Actively seeding, weeding and pruning is as important to a healthy garden as it is your retirement portfolio. It takes a little bit of time and attention, but the results are well worth it! ■

Spring Cleaning Your Finances: 10 Tips to Help Cut Expenses

Free up more of your hard-earned cash to invest

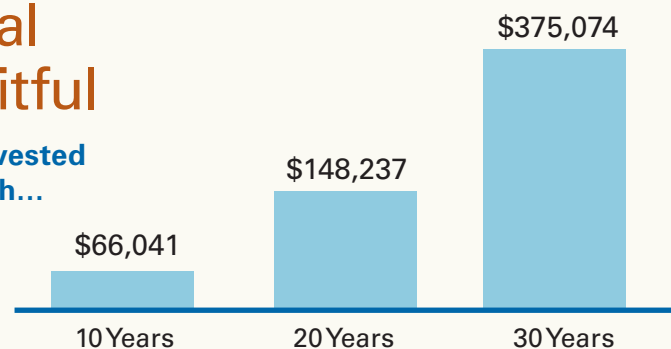
With budgets so tight, how does anyone set aside enough money each month, either to build an emergency fund or to add to a retirement account? Here are 10 easy ideas for generating an extra \$250 a month:

Expense Cutting Tip	Monthly Savings
1. Cut out the morning coffee run.	\$35
2. Drop cable TV—you can find most shows online for free.	\$20 (basic cable)
3. Cut out eating out one night a month.	\$80 (family of four)
4. Borrow two movies from your local public library instead of renting.	\$10
5. Make a list before going food shopping, and stick to it.	\$20
6. Invite friends for a potluck and play board games.	\$25
7. Properly inflate your car's tires, and clean the air filter.	\$10 (depending on driving distances)
8. Give a gift of services instead of an item. For new parents, give the gift of an evening of babysitting, or some lawn care for a new homeowner.	\$20
9. Instead of going to the mall, check out what your town's parks and recreation department has to offer. Hiking trails, picnic areas and free basketball and tennis courts promise hours of fun.	\$20
10. Buy staples in bulk, such as trash bags, laundry detergent, paper products, diapers, and cut down on weekly trips to the store to buy these items.	\$10
Total Monthly Savings	\$250



Being Frugal Can Be Fruitful

\$250 each month invested at 8% could be worth...



Scenario assumes a monthly investment of \$250 earning an annual return of 8% (compounded monthly) in a tax-deferred account. It is neither based on any specific investment or savings strategy, nor predictive of returns, which are not guaranteed. Most retirement investments move up and down with the market over time, producing better or worse actual returns for you. Savings totals do not reflect any fees/expenses. Accumulations shown would be reduced if these fees had been deducted.

Source: Bankrate.com

Focus on Time, Not Money in Retirement

The true currency of life is time—not what you have in the bank

For all our many virtues, we Americans tend to procrastinate. And one area in which we seem to excel at putting off is in saving for retirement. But an equally overlooked aspect is how you intend to spend your time in retirement. You may choose to hit the golf course, spend time with grandkids, travel or go fishing.

Regardless of what you do when you stop working full time, you will be faced with more time on your hands to manage. What does this mean for you, and how can you prepare to make the adjustment? Over the years, we've collected some great advice from retirees. Below, we've compiled some thoughts for those who are looking ahead.

Get healthy

Diet and exercise are key to maintaining good health. Here are some other ideas to help improve your health:

- Quit smoking, or don't start.
- Schedule 20 minutes of vigorous exercise every day. If you've been more or less sedentary, try walking. 30 minutes a day at a brisk pace should do it. Over time, increase your routine to 60 minutes a day, five days a week.
- Reduce intake of red meat. Favor whole grains, fruits and vegetables, along with lean chicken and fish.
- Keep the mind active. Do the daily crossword. Learn a new skill or take up an instrument. Volunteer.

Start planning earlier

The longer you have to save and invest, the less money you need to put aside each month—and the less time you have to worry about it.

- Asset allocation—that is, how you decide to spread your money across stocks, bonds and cash—is important for achieving your goals, but for most investors probably not as important as saving a regular amount each month in your retirement plan, and sticking with it.
- You can afford to take more risk when you're younger.

Explore common interests with your spouse

A recent retiree was home for a few weeks puttering around the house when his spouse glared at him, "George, I married you for richer or poorer, but not for lunch!"

- Retirement is a gift for those who can find common interests with spouses, friends and family members.
- Learning ballroom dancing, exploring remote harbors on a boat, or taking a cooking class all can be truly enriching experiences.



Spend less and save more

The word saving is a synonym of the word frugal, which comes from the Latin *frugalis*—which itself is related to the words pertaining to fruits and thrift.

- The recent financial crisis has changed the mindset of many Americans to become more economical in the use of resources.
- Have you set savings goals for yourself? What are they?

Develop interests outside of work

Why wait to retire before exploring activities that interest you?

- Try new things that you might like to do in retirement before you stop working.
- You'll develop a network of friends who share the same interest, and you'll be able to gain proficiency in that activity before retiring.

Take a more active role in your investments

Take advantage of financial education seminars that may be offered at your workplace, or explore online resources that offer a wealth of strategies and advice for managing your retirement investments.

- If you have more than 10 years until you retire, be careful not to have too much money stashed in money market funds or cash accounts. Ultra-safe investments may not earn enough return to counteract the effects of inflation, and you could lose purchasing power. ■

retirement in motion

Tips and Resources that everyone can use

Boomers on the Brink

It feels good to do good

The amount of volunteer hours contributed by Americans is a source of national pride. Nearly 27% of the U.S. adult population gave 8.1 billion hours of volunteer service worth \$169 billion in 2009, according to the Corporation for National and Community Service. In fact, there may be health benefits to being a good and generous neighbor. According to a 2010 study conducted by UnitedHealthcare and VolunteerMatch, seniors who volunteer reported high levels of well-being, including immunity from illness, overall energy level, physical strength and physical stamina. For ideas, visit www.volunteermatch.org.

Q & A

What is a stable value fund?

Stable value funds are similar to money market funds, designed to preserve capital while providing a steady return. They are considered low risk and conservative compared to other investments offered in retirement plans. Stable value funds seek to protect investors from interest rate movements by investing in contracts from banks and insurance companies.

¹ Asset allocation and portfolio rebalancing do not ensure a profit or protect against loss.

Tools & Techniques

Writing down your goals is the first step to achieving them

Research conducted by a psychology professor at Dominican University of California suggests this bit of advice for people who are putting off their New Year's resolutions: write them down and share them with a friend. Dr. Gail Matthews' study of 267 participants shows that people who wrote down their goals, shared this information with a friend, and sent weekly updates to that friend were 33% more successful in accomplishing their stated goals than those who merely thought about them. www.dominican.edu

Corner on the Market

Basic financial terms to know

Interest rate risk

One source of confusion for some investors is why bonds (or a fund that holds bonds) are worth less when interest rates rise. The explanation is pretty simple: when interest rates rise, new bond issues come to market with higher yields than older bonds, making the older ones worth less. Hence, their prices go down. On the other hand, when interest rates go down, new

bond issues come to market with lower yields than older bonds, making these older, higher-yielding ones worth more. Hence, their prices go up. As a result, if you (or your fund manager) have to sell the bond before it matures, it may be worth more or less than what it cost. This is interest rate risk.

Quarterly Reminder

Balance risk and reward in your retirement savings

With the level of market volatility that investors experienced in 2011, it is possible that your mix of stock funds, bond funds and cash may have strayed from your target. For example, let's say you had 50% in stock funds and 50% in bonds at the beginning of 2011. If at the end of the year your percentage in stocks declined from 50% to 40%, you could be exposed to more bond-related risk. To balance your portfolio, you could lighten up on bonds by selling 10% of your bond holdings and putting that amount back into the stock allocation.¹

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