



RPC NEWS

A quarterly newsletter for Retirement Plan Participants

Exploring Your Retirement Plan

You never know what you might find when you start exploring places you generally ignore. You might find a rare baseball card in the attic, for instance, or discover your long lost high school ring lodged behind a dresser. And who knows how many treasures you might unearth in the garage.

If your employer's retirement plan falls into the "unexplored" category, it's time for a change. Your retirement account can play a key role in turning your dreams for the future into reality. If you aren't familiar with your plan and your account, you could be missing out on a valuable opportunity to build a potentially secure retirement.

Dig for Details

Maybe you've been putting this off, but if you haven't taken a really good look at one of your retirement plan statements for a while, now's the time. The first thing most people look at is their updated account balance. The statement also generally shows how much was contributed to your account during the preceding period and the vested portion of your account balance.

Although mistakes are rare, they can happen, so get in the habit of checking your statements carefully to make sure the details are right. Give your account a thorough review at least once a year. Make sure the following are correct:

- Personal information (i.e., name, address, phone, etc.)Hire date (since it can affect vesting)
- •Contribution amounts (yours and your employer's, if applicable)
- Investment instructions

• Beneficiary designation (in general, your spouse must be named beneficiary of your retirement plan unless he or she waives that right in writing)

Probe Investment Performance

Your account statement also provides investment performance information, which could help you make decisions about the funds or portfolios in your plan account. By themselves, performance numbers don't tell you much. For instance, you may think a fund's return is poor, but you can't really tell how well the fund performed until you compare its performance to the returns of similar investments during the same period. Here are some pointers for gauging performance: • Use a market index of comparable securities as a benchmark for each investment (e.g., the S&P 500 index as a benchmark for large-cap stock funds or portfolios).¹ •Compare returns over various similar investment periods (e.g., three months, one year, three years, etc.).

Benchmarking helps put performance in perspective. For example, when a fund or portfolio has a negative return, it's troubling. But it's less troubling when the fund's comparable index dropped by a similar percentage. And, if the overall market dropped 10%, a fund that lost 5% of its value may actually be a relatively strong performer. Even positive fund performance can be disappointing. Returns of 5% during a period when an appropriate benchmark rose 15% are unsettling and may be a reason to investigate further.

Investigate Other Options

It's a good idea to be familiar with all your investment options, even if you're not thinking of making a change to your plan account. For example, if your plan offers a fund you're interested in, be sure to look over the information your plan provides before investing in the fund. Find out about the fund's:

•Investment objectives (for example, growth, income, or a combination of these)

•Investment holdings and how they may help the fund meet its objectives

Potential investment risks

• Financial highlights, including performance figures (keeping in mind that past performance does not guarantee future results)

Don't Forget the Documents

When you joined your retirement plan, you received a summary plan description (SPD) that spells out how your plan works. If you've never read through it, take time to do that now. SPDs must be plainly written so participants can understand them. Be sure to keep your SPD on file in case you have questions. Here are some of the things you can find in your plan's SPD:

- •Description of the plan's benefits
- •Plan participation and benefit eligibility requirements
- •The amount you can contribute to the plan
- How contributions will be invested
- •The plan's vesting provisions

•How and when you can access your retirement money (including information on hardship withdrawals and loans)

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Are you a glass-half-full kind of person? There's something to be said for being an optimist. However, it's important to also be a realist, especially when it comes to your retirement. Regardless of how long it will be until you retire, if you simply assume that you'll have enough money when the time comes instead of planning ahead, you could be in for a big surprise.

A Scary Thought

Running out of money in retirement is a big concern. But it happens. One reason is longer life expectancies. Your retirement could last 20 or 30 years or longer. If you haven't planned for that possibility, you could outlive your savings.

Lifestyle also plays a role. Some people are satisfied living a simple, financially conservative retirement. But if you hope to spend freely on travel and other expenses, you'll need a bigger pot of savings. And don't forget to include health care expenses in your retirement spending estimates.

A Proactive Plan

To avoid outliving your retirement assets, consider starting as early as you can to save as much as you can in your retirement savings account. If you have decades to go before you start tapping into your savings, time is on your side. Steady saving over a long period should allow you to build a healthy nest egg.

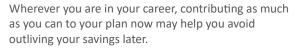
If you have years instead of decades to beef up your savings, you can help your cause by increasing the amount you're contributing to your plan. And if you're very close to retirement age, you might want to consider working for a few more years so you can continue building up your savings and delay taking distributions.

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On occasion, your employer may make changes to the plan. If and when that happens, you'll receive a description of the changes, so be sure to promptly open and read any mail you get from your retirement plan. Then file it away with your SPD and your account statements.

Your Findings

Now that you've blown the dust bunnies off your retirement plan and shined a light in the nooks and crannies of your account, don't lose your momentum. Open those statements when they come, review your investments' performance on a regular basis, and get the answers to any questions you may have about how your plan operates.



Your situation is unique, so be sure to consult a professional before taking action.

Are You Saving Enough?

Desired annual retirement income	Savings needed assuming 5% annualized return in retirement	Savings needed assuming 7% annualized return in retirement
\$20,000	\$281,879	\$233,072
\$40,000	\$563,758	\$466,143
\$60,000	\$845,637	\$699,215
\$80,000	\$1,127,516	\$932,287

Source: DST Systems, Inc. Values assume a 25-year retirement and that all retirement savings would be depleted after 25 years. Future inflation will likely increase your income needs during retirement. The assumed returns in retirement do not account for the fees, expenses, and taxes associated with actual investments. Your investment returns and balances will vary.

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After all, it's your money and your future -- so it's up to you to stay informed.

¹Standard & Poor's Composite Index of 500 Stocks is an unmanaged index that is generally considered representative of the U.S. stock market. It is not possible to invest directly in an index. Actual results would vary from benchmarks and would lilkely have been lower. Past performance is not a guarantee of future results.

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