BUILDING BLOCKS FOR RETIREMENT

Investment Strategy

Retirement For Two

You and your spouse are a team when it comes to managing your home and planning for your future. But are you in sync when it comes to investing for retirement? If you both have retirement plans through your employers, you might have chosen investments without consulting each other.

Combined, your retirement plan investments might not reflect your intended investment strategy.

Two People, One Goal

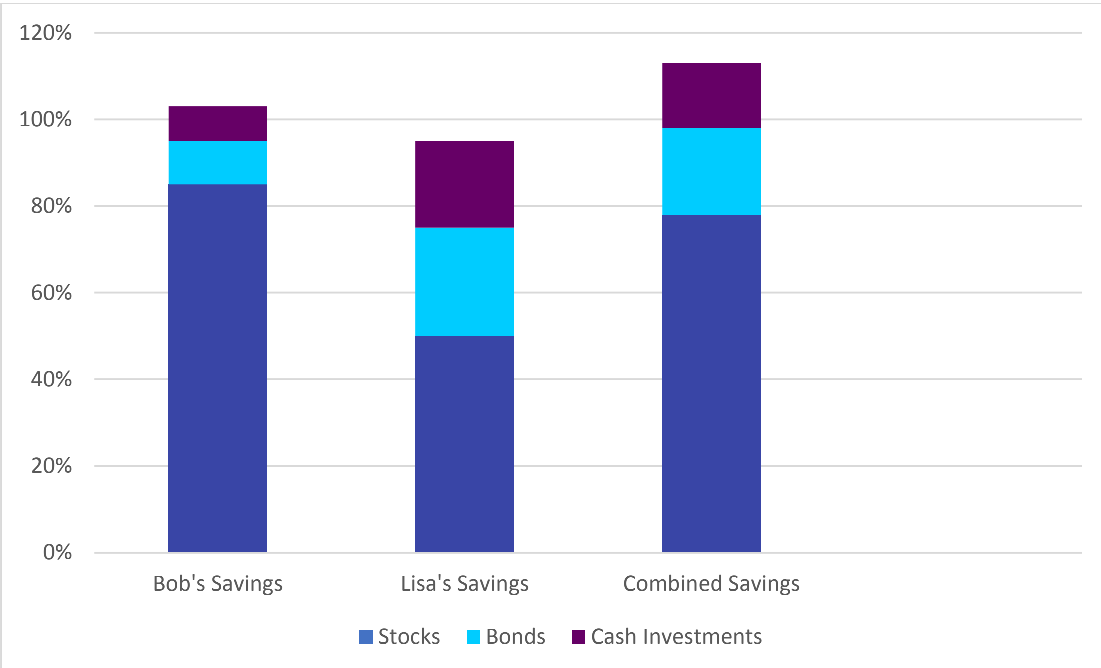
It's important that both your and your spouse's retirement investments fit your risk tolerance, investing time frame, and goals. So, if you're not sure what's in your spouse's portfolio, it's time to find out. Otherwise, you could easily be duplicating investments in the same companies or industries. Or, you could be "overinvested" in one investment type or asset class. As a result, your combined retirement investments could be exposed to more risk than you realize or may be so conservative that you might not be able to achieve your retirement savings goal.

A Married Strategy

First, you and your spouse may want to determine an overall strategy for your retirement investments. As an initial step, you should each consider how comfortable you are with the risk of investment losses. Look at the number of years you have before you plan to retire, and discuss your plans for retirement, such as traveling or relocating. Set a savings goal and coordinate an asset allocation strategy to help you get to your goal.

Next, take a look at the specific investment options available in your retirement plans. Review their objectives, fees and expenses, risks, and past performance. Then determine how you want to invest within each plan so that your overall allocation reflects your coordinated strategy. Depending on the investment options in each plan, you may choose to put more money into the stock investments in one plan and more into the bond investments of the other plan, or vice versa. While it's generally a good idea to diversify* your investments among stocks, bonds, and cash investments, it may turn out that neither of you will be broadly diversified within your plan. But that's okay as long as your overall portfolio reflects your combined strategy.

Having a coordinated strategy can help you reach your retirement savings goal



An Unintended Allocation

Bob and Lisa haven't talked to each other about their retirement plan allocations and, as a result, combined, they have different allocations than they each have in their accounts. Bob and Lisa can reallocate within one or both plans to achieve a coordinated strategy.

* Allocation percentages don't add up to 100 due to rounding.

This is a hypothetical example used for illustrative purposes only and does not represent any specific investment product. Source: NPI

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

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