

“It doesn’t matter
if you’re rich or poor,
as long as you
have money.”

Joe E. Lewis

“LACK OF **MONEY**
is the root of all evil.”

George B. Shaw

“If you **START OUT**

saving nothing...

that’s probably

what you’ll

end up living on.”

Poor Richard’s Almanac

Your

401k

**Enrollment
Guide**

Your

401k

Enrollment Guide

"If I'd known I was
going to live this long,
I'd have took better
care of myself."

— Mickey Mantle



With all the day-to-day concerns you have to think about right now, your retirement probably isn't the first thing on your mind. But someday, that future is going to be the present. And you'll find that even though you won't be going to work anymore, many of the things that you pay for with your paycheck today will still be part of your expenses when you're retired.

In other words, life won't change much...but your income will. So how are you going to provide for yourself? The answer really comes down to one issue:

Are you going to contribute to your 401(k) plan?

Deciding whether or not you're going to put money into your retirement plan is one of the biggest financial decisions you're going to make in your life. Because the amount of money you put into your plan now — has a direct impact on the kind of life you lead when you retire.

In other words, if you don't save for your future while you're working... you might never get to stop working. Remember, no matter how long you live, you'll always have living expenses. And you're going to need a way to pay for them.

How Much Will You Need to Save?

Financial experts say that when you retire, you'll need approximately 75% of your current income, every year, to maintain your standard of living. This chart shows what a 35-year old person (making the various annual incomes shown), will need to have saved up when he or she retires in 30 years (at age 65).

Estimated Savings Needed For Retirement

(assumes 30 years to retirement)

Salary	Estimated Amount Needed
\$20K	\$496,042
\$30K	\$744,063
\$35K	\$868,073
\$40K	\$992,083
\$50K	\$1,240,750

This example assumes 75% of current income over a 23 year period. (The average duration of retirement)

How do you reach numbers like that? According to financial experts, you should be putting away **10% to 15%** of your current salary in order to provide for your retirement years. But that's a very high number. So... where will you get that money you need for retirement?

In the year 2020, the cost of:

Food and shelter:	\$3,155.71 a month
Average Social Security check:	\$1,376.49 a month

Source: Department of Labor, Social Security Administration.

"I went to the bank
today and I have all
the money I need...if
I die tomorrow"



— Henry Youngman

Sources of Retirement Money

For most people, the main sources for retirement income are: Social Security, personal savings, and their company retirement plan. Let's look at each one in turn:

SOCIAL SECURITY

Today, Social Security provides less than half of what you'll need for retirement. And that amount is expected to decrease as the years go on.

PERSONAL SAVINGS

Although experts say people should save 10% to 15% of their salaries for retirement, most Americans only save 4%. Plus, most of the interest you make on your personal savings gets taxed every year.

YOUR 401(k) PLAN

Your 401(k), or company retirement plan, was specifically designed to help you build up the money you need for retirement. Read on, and you'll find out why.

Why Should You Invest In Your Retirement Plan?

"Early to bed
and early to
rise, until you
make enough
money to do
otherwise."

— Anonymous

Your company plan offers many advantages other options can't offer:

TAX DEFERRED EARNINGS

In your plan, your earnings are tax deferred. That means you don't pay taxes on any of the money you earn until you're retired — when you'll probably be in a lower tax bracket.

PRE-TAX DEDUCTIONS

Your plan contributions are taken out of your salary before your taxes are calculated. As a result, the IRS considers you to have a lower taxable income.

THE POWER OF COMPOUNDING

Compounding is when the money you invest earns more money, and that additional amount earns even more money, over and over again. The key: the sooner you start, the better. Because the more time you give compounding to work, the better it works for you.

A CHOICE OF INVESTMENTS

Your plan lets you choose from many different investments. But how do you know which ones are right for you? To understand that, you first need to understand a little about investing...

Understanding Investing

Like many things in life, investing is governed by the rule of risk and reward. It works something like this:

The Rule of Risk and Reward
The more you're willing to risk,
the more you have a chance to gain.

but...

The more you're willing to risk,
the more you have a chance to lose.

Every investment has its own level of risk, and its own potential for reward. In your plan, you can choose from a number of investments, but they all come down to one of three basic types:

- Conservative
- Moderate
- Aggressive

CONSERVATIVE

Money Markets

- Lower risk
- Lower potential return

Since the goal is a secure retirement, many people think they should put their money into the investments with the lowest risk... or conservative funds. Conservative funds are often called stable funds because the value of the money you put into them (your principal) doesn't go up or down very much. Examples include Money Markets and Treasury Bills.

Disclosure: Investments in a Money Market Fund are neither insured nor guaranteed by the U.S. Government. There can not be assurance that the fund will be able to maintain a stable net asset value of \$1.00 per share.

"You can never
reach second base
if you leave one
foot on first."

— Anonymous

"It's tough to make
predictions, especially
about the future."

— Yogi Berra

MODERATE

Bonds

- Moderate risk
- Moderate potential return

People who prefer to earn a little more reward — in return for a little more risk — often choose a moderate investment, like bond funds. Basically, bonds are loans you give to companies and institutions who promise to pay back the amount you lent them, plus interest. Bonds tend to have a moderately higher level of risk than more conservative investments. In turn, they offer a moderately higher potential for reward.

AGGRESSIVE

Stocks

- Higher risk
- Higher potential return

Aggressive investors seeking higher levels of reward, in return for a higher level of risk tend to invest in the stock market.

When you buy stocks, you're buying partial ownership in a company or companies. Stocks are considered to be a higher risk because the value of the money you put in can go up and down on a daily basis. However, as the chart on page 6 shows, stocks have tended, over time, to earn more than conservative or moderate investments.

Understanding Investing

COMPARING THE 3 TYPES OF INVESTMENTS

The following chart shows how all three types of investments (conservative, moderate and aggressive) have performed over the past 30 years:

Looking at the chart, it seems to say, “Go for the big return.” But that’s not necessarily the best choice.

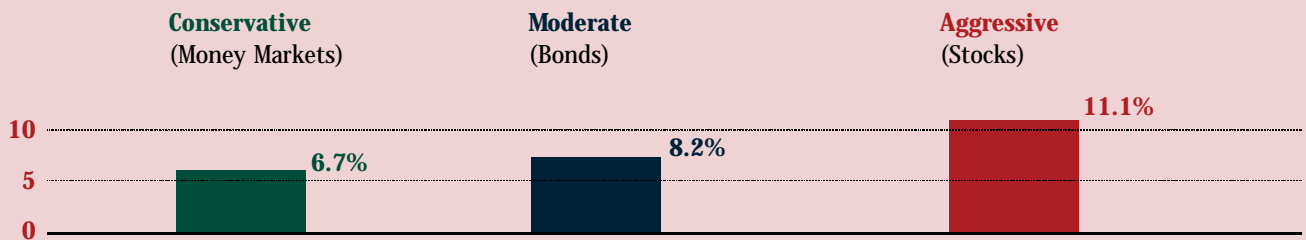
Because the law of risk and reward works both ways:

You may go for a higher reward, but you have a greater

chance of losing a portion (sometimes a big portion) of the money you’ve invested. On the other hand, you may not want to take on much risk at all, but then you may not earn enough to provide for your retirement.

So the next thing you need to know is: “What are the risks of the different investments?”

How All 3 Investment Types Have Performed Over The Past 30 Years



Source: Stocks, Bonds, Bills and Inflation, 1997 Yearbook, Ibbotson and Associates, Chicago. 1966-1996. This chart is for illustrative purposes only and is not indicative of future performance.

Disclosure: The indices presented provide you with an understanding of their historic long-term performance, and are not to illustrate the performance of any current investment outlined in your retirement plan. Investors cannot directly purchase any index. The Stock returns are represented by the Large Company Stock returns as based on the S&P 500 Composite Stock Price Index, a market weighted, unmanaged Index of 500 Stocks. Bond returns are measured using a constant one-bond portfolio with a maturity not less than 5 years. Money Markets are represented by Treasury Bill returns which are for a one-month bill. Treasury Bills are guaranteed by the U.S. Government as to the timely payment of principal and interest. Stocks are not.

Understanding the Risks of Investing



There are 3 basic risks you need to consider when deciding which investments are right for you. They are: inflation risk, bond market risk, and stock market risk.

INFLATION RISK

Inflation is that inevitable force that makes sure a dollar can't buy you today what it bought you ten, twenty or thirty years ago. So when you're planning for the future, you need to remember that things will cost a lot more than they do today — and you'll be paying for them on a fixed income.

To give you an idea of inflation's impact, the following chart shows how much a few standard consumer items cost 30 years ago in the mid-1960s, what they cost today, and what they're estimated to cost thirty years from now — when you're likely to be in, or nearing, your retirement years.

"The best time to
buy anything was
last year."

— Anonymous

	30 years ago (mid-1960s)	Today (mid-1990s)	30 years from now (mid-2020s)
Family Sedan	\$2,900	\$16,000	\$53,400
Single Home	\$18,500	\$120,000	\$400,600
Refrigerator	\$350	\$1,000	\$3,400
Cup of Coffee	5¢	85¢	\$2.85

Source: Department of Labor. Inflation is measured by the Consumer Price Index (CPI). Assumes 5.3% inflation rate.

Choosing the Right Investments for You

How do you decide which are the right investments for you? It's pretty easy: If you know how old you are, you'll have a good idea of how you should invest.

Financial experts recommend these mixes because they provide for the optimum level of risk and reward as balanced against the time you have until you retire.

Age	Recommended mix	Why this mix
20 to 29	Conservative 5% Moderate 0% Aggressive 95%	If you're in your 20's, and have a long way to go before you retire, you can afford to be a little more aggressive — because time is on your side. So your portfolio should probably favor stocks — where the earnings potential is greatest over time.
30 to 39	Conservative 5% Moderate 15% Aggressive 80%	If you're in your 30's, you're still looking to the future — a future that might include more than just you. You still have a long time before retirement, so investing in stocks for long-term growth still makes sense.
40 to 49	Conservative 10% Moderate 30% Aggressive 60%	When you're in your 40's, you start seeing your future in both the short term and the long term... and your investment strategy should reflect that.
50 to 59	Conservative 30% Moderate 40% Aggressive 30%	When you reach your 50's, you could be withdrawing funds soon, so you may want to invest more conservatively. However, you still need to invest for the future. After all, you'll need that "post-retirement " income.

It's Easy to Enroll

Now that you've come to understand a little more about your plan, how you can invest in it, and how much it can mean to you in the years ahead — it's time to start making your plan work for you... by **enrolling in your plan.**

There are many benefits to your plan. Some have been covered here, and you'll find more of them, in greater detail, in your Plan Highlights. But the only way you can take advantage of any of them is to enroll now.

Just follow the directions on the following pages, fill out the form as instructed, and send it in to the designated person in your company.

When it comes to planning for your future, the sooner you get started — the better. So enroll in your retirement plan today.

"Save for your future

You'll be spending

the rest of your life there"

Please remember that this program summarizes some general investment principles which you may elect to consider. We recommend that you consult an investment professional before setting your personal investment strategy. The tables and charts are meant as general guidelines to help you identify your goals and find appropriate ways to achieve them. The tables and charts are for illustrative purposes only and do not represent the performance or annualized returns of any of the investment instruments. Past performance does not guarantee future results.

The aforementioned investment instruments are offered by prospectus only. Prospectuses contain more complete information on advisory fees, distribution charges, and other expenses and should be read carefully before investing or sending money. Prospectuses may be obtained directly from the Fund Company name, addresses, town, zip

Determining Contribution Levels *

Approximate Age	Annual Salary	Approximate Amount Needed	Suggested Contribution Percentage
A	B	C	D
21 - 30	\$25K	\$918,821	7%
	\$35K	\$1,284,950	
	\$50K	\$1,835,642	
	\$75K	\$2,753,463	
31 - 40	\$25K	\$620,052	10%
	\$35K	\$868,073	
	\$50K	\$1,240,104	
	\$75K	\$1,860,156	
41 - 50	\$25K	\$418,869	12%
	\$35K	\$586,416	
	\$50K	\$837,737	
	\$75K	\$1,256,606	
51+	\$25K	\$282,977	18%
	\$35K	\$396,168	
	\$50K	\$565,954	
	\$75K	\$848,931	

*Assumes inflation rate of 5.3%

Use this chart to help determine the contribution percentage that's right for you.

- Using the charts on the left, select the chart that matches your age range.
- Inside that chart, circle the annual salary closest to yours.
- Next to the annual salary you circled, read the total amount needed—to see how much you'll need to have in savings at the time you retire.
- Next move across to the right—to find the number under contribution levels that's closest to the amount needed. Circle that box.

Then, move up from the box you circled to the top of the column. Circle the percentage at the top of the column.

The percentage circled tells you what your approximate contribution percentage should be to reach your goals. (In most cases, your contribution level will be a range between the numbers listed.)

If you have other savings reserved for retirement, that may effect the total amount you need to save in your retirement plan.

Determining Your Weekly Contributions *

Your Annual Salary

B	15%	12%	10%	9%	6%	5%	3%	A
\$25K	\$72.12	\$57.69	\$48.07	\$43.26	\$28.84	\$24.03	\$14.42	
\$35K	\$100.96	\$80.77	\$67.31	\$60.58	\$40.38	\$33.85	\$20.19	
\$50K	\$144.23	\$115.38	\$96.15	\$86.54	\$57.69	\$48.08	\$28.85	
\$75K	\$216.34	\$173.08	\$144.23	\$129.81	\$86.54	\$72.12	\$43.27	

*These are only examples and are not intended as a projection or guarantee. The examples assume a 9% overall rate of return on your investment. Your actual results will be different and are based only on how much you contribute and how your investments actually perform over time.

Use this chart to help determine the contribution percentage that's right for you.

- Circle the horizontal row that most closely matches your preferred Contribution Percentage.
- Circle the vertical row that contains the Annual Salary closest to yours. Find the point where the two intersect. That is your weekly contribution.

Selecting Your Funds

Age	Conservative	Moderate	Aggressive
20-29	5%	0%	95%
30-39	5%	15%	80%
40-49	10%	30%	60%
50-59	30%	40%	30%

You need to decide which funds best fit your needs, but many experts suggest matching your investment mix to fit your age. Here's how to match the expert's suggestions:

- Choose the chart at left that first fits your age.
- In the chart on the enrollment form, write in the suggested percentage for each category (Aggressive, Moderate, Conservative).
- Using your Plan Highlights form, write in the names of the funds within each category, on the lines provided.
- Write in the percentage you want invested in each fund.
- Make sure the percentages you write in add up to the amount at the bottom of each column.

Enrollment Form

I WISH TO CONTRIBUTE % OF MY SALARY PER PAY PERIOD.

Fill in the blank from 1 to 15%

Fund Selection

Write in the percent of the contribution you want to put into each fund. The total should be 100%. Please use whole numbers.

CONSERVATIVE FUNDS		MODERATE FUNDS		AGGRESSIVE FUNDS	
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
	%		%		%
Total	%	Total	%	Total	%

= 100 %

Participant Authorization

Name of Company		Group#
First Name	MI	Last
Address		
City	State	Zip
Home Phone		
Date of Birth	Date Employed	Sex M / F
Social Security No.		

I, the undersigned, consent to making the preceding salary deferral election and investment elections. I understand that Payroll will begin processing my elections and/or changes as soon as practically possible.

Participant's Signature
Date

PRIMARY BENEFICIARY

In the event of death, this person(s) will receive your retirement plan distributions.

Full Legal Name(s) _____

Relationship _____

Social Security No. _____

SECONDARY BENEFICIARY

If your primary beneficiary(ies) should die before or with you, this person(s) will receive your retirement plan distributions.

Full Legal Name(s)

Relationship

Social Security No.

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