"It doesn't matter

if you're rich or poor,

as long as you

have money."

Joe E. Lewis

"If you START OUT

saving nothing...

that's probably

what you'll

end up living on."

Poor Richard's Almanac

"LACK OF MONEY

is the root of all evil."

George B. Shaw

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."

— Henny 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.

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

— Anonymous

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. Goverment. There can not be assurance that the fund will be able to maintain a stable net asset value of $1.00 per share.

> "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.

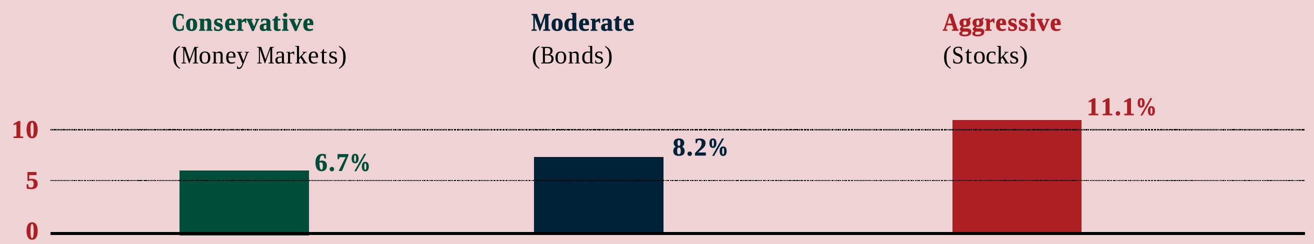
Understanding Investing

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.

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

— Anonymous

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 then 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.

	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

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