Retirement Revolution
Terms & Tools

KEY RETIREMENT TERMS

401(K) Plan: A tax-deferred savings plan in which participants typically contribute *before-tax* income and control how it is invested, choosing among a variety of different investment funds. Employers may match a percentage of the employee's contributions. Not every employer offers such plans. There are annual limits on the maximum amount of your contributions. Participants incur a 10% penalty if withdrawals are made before age 59½.

403(B) Plan: A tax-deferred savings plan for employees of non-profit organizations, public schools, churches, and certain other tax-exempt groups. Contributions are typically made with pre-tax income.

457 (B) Plan: A tax-deferred savings plan for state, municipal and local government employees and tax-exempt institutions. Participants contribute pre-tax income, but do not pay the 10% penalty if they withdraw funds before age 59½.

Actively Managed Funds: Investment funds which are professionally managed. Sometimes commonly known as "mutual funds", such funds have professional managers making the day-to-day "buy", "sell" and "hold" decisions regarding their investment content.

Alternative Funds: Investment funds which are not limited to simply buying a security or asset with the expectation that its price will rise. Alternative funds, of which hedge funds are main kinds, may also invest in advanced financial instruments, futures, options and derivatives with the expectation that a particular stock, bond, other financial asset or market may lose value. Such funds sometimes borrow against their holdings to make additional investments as well.

Annuity: A contract issued by an insurance company that provides for the tax deferral of investment income and guarantees fixed or variable payments to investors for some specific period of time or for life. Annuities are the only financial instruments which pay investors income for life.

Annuitize: To trade the value of assets for an insurance company's guarantee to make payments to you for a certain time or for the span of your lifetime. Some people "annuitize" their 401(k) proceeds at retirement, for example, by moving the money into an immediate annuity. [You should only move your 401(k), IRA or other tax-sheltered money with professional guidance].

Asset Allocation: An investment strategy that aims to balance risk and reward by broadly diversifying a portfolio's holdings between different stocks, bonds, cash, and other investments according to an individual's goals, risk tolerance and investment time horizon. By holding a broad mix [or "allocation"] of different kinds of investments, investors seek to reduce the risk that any one investment or holding might cause them irreparable harm.

Asset Management: The management of various asset classes (i.e. stocks, bonds, real estate, etc) to meet specified investment goals for the benefit of the investors. The term usually refers to the professional management of investment funds, mutual funds and portfolios.

Baby Boomer: An American-English term to describe a person born between 1946 and 1964.

Back Load: A fee — sometimes called a "back-end fee" or "exit fee" — that investors pay when they sell some or all of certain mutual funds within some specified number of years (usually between five to ten). Not all funds charge such fees. When they do, the fee amounts to a percentage of the value of the amount being sold. The fee percentage is typically the highest in the first year and decreases yearly until the specified holding period ends, at which time it drops to zero. Such fees are meant to discourage investors from hasty exits and rapid turnover.

Back-End Fee: Same as "Back Load".

Balanced Fund: A mutual fund that holds a mix of different stocks, bonds, and sometimes other assets to provide both income and capital appreciation with the expectation of reducing risk and simplifying the investment process. The purpose of a balanced fund is to provide, in a single fund, a blend of different investments for diversification and reduced risk. Investors invest in balanced funds with the expectation (but not guarantee) that the fund's diverse holdings will manage downturns in the stock market with less loss and that professional asset managers will do a better job of selecting how much should go into stocks or bonds at any time.

Bank Deposit: Also known as a "time deposit" , "Certificate of Deposit" or "CD" , a bank deposit is a kind of time loan that you make to a bank, giving it money for a 1-month, 3-month, 6-month or longer period of time in exchange for some amount of interest. A bank deposit is a loan. The amount of interest you receive depends on the size of your deposit as well as prevailing market rates.

Bonds: A debt instrument which obligates the issuer to repay the total amount of the debt [the "principal"] plus interest [sometimes called the "coupon"] at some later date [the "maturity"]. Other stipulations may also apply, such as the obligation for the issuer to provide certain information to bond holders or limitations on the issuer's behavior. Also called "fixed income", bonds can be issued by corporations, municipalities or sovereign governments. Some bonds issued by the U.S. government are called "Treasury Bills".

Brokerage: Acting as an intermediary between buyers and sellers. In the investment industry, a "broker" is the intermediary party via which buyers and sellers of securities transact their stock, bond, and real estate trades. A brokerage firm communicates with buyers and sellers to facilitate reaching an acceptable price on the financial asset being purchased or sold.

Cash: Usually refers to money in the form of banknotes or coins. In a portfolio or fund, it is the money which is kept liquid and *not* invested in stocks, bond, real estate, or other assets.

Certificate of Deposit: See "Bank Deposit". A bank instrument that enables a depositor to earn interest on his or her money during a fixed a period of time. The rate varies depending on the amount invested and the duration of the placement.

Deferred Annuity: A type of annuity contract that delays payments of income until the investor elects to receive them at some time in the future. You may buy such a deferred annuity now, but only begin receiving payments in one, two or more years' time.

Deferred Fee: A fee or sales commission charged by certain mutual funds which investors pay on a delayed basis *after* they have actually purchased the investment. Some funds charge a deferred fee and deduct the charge when you sell your position. Not all funds charge deferred fees.

Deflation: A decrease in the size of an economy's money supply. It is the opposite of inflation. During periods of deflation, public demand for liquidity goes up, and the demand for goods and services usually declines.

Direct Benefit Plan: A traditional pension plan. In a direct benefit or "pension" plan, your employer takes on the responsibility of paying you some specific amount of income for the duration of your retirement. Formerly a common practice, few companies in the United States offer such plans today.

Direct Contribution Plan: A tax-deferred savings plan where employees put savings into 401(k), 457(b), 403(b), or similar accounts. With such plans, it is the employee — not the employer — who has responsibility for amassing adequate capital for retirement. Investors make pre-tax contributions into the "traditional" versions of such plans and after-tax contributions into the "Roth" versions.

Once they contribute, they can elect to invest their money in different mutual funds, indexes and other investments.

Direct Rollover: A distribution from qualified pension plan, 401(k) plan, or similar savings plan that is remitted directly to a trustee, custodian, or issuer and is reported to the IRS as a rollover. For example, you might change jobs and ask your broker to make a "direct rollover" of the 401(k) savings you had with your former employer into a new IRA. There are limits on how many of these rollovers you can make in a year. Always ask your employer or broker to make such rollovers *for you* to avoid penalties.

Disability Insurance: Insurance coverage that pays benefits in the event that the policyholder becomes incapable of working.

Diversification: A risk management technique. Investors and asset managers "diversify" by holding a broad mix of different kinds of investments in their portfolios so as to expectedly achieve, on average, higher returns with lower risk than they would with any one, individual investment. Diversification is important so you're not "holding all your eggs in one basket".

Dividends: That portion of a company's earnings, decided upon by the company's Board of Directors that is paid to holders of the company's stock. Dividends are most often quoted as the dollar amount each share of stock receives ["dividends per share"]. They are also sometimes quoted in terms of a percent of the current stock price [referred to as "dividend yield'].

Early Withdrawal: The removal of funds from a fixed-term investment before the maturity date, or the removal of funds from a tax-deferred investment account or retirement savings account (such as an IRA) before a prescribed time, such as the account owner's attainment of a minimum age requirement.

Emerging Market Funds: A mutual fund or exchange-traded fund that invests the majority of its assets in the financial markets of one or more developing countries. For the most part, these include the markets of the Far East and Asia, Latin America, Eastern Europe, Africa, the Middle East. Analysts consider such funds to have higher risk.

Estate Planning: Planning for the orderly handling, disposition and administration of assets that are left behind after an individual's death. It may include drawing up a will, setting up a trust structure, or determining ways of legally minimizing estate taxes.

Exchange Traded Fund ["ETF"}: A fund that tracks an index but is traded like a stock. ETFs always invest in the securities contained in an index — like the S&P 500 index, so investors in an S&P 500 ETF hold those same 500 stocks. You purchase ETFs through a broker and pay a brokerage commission. Since they track indexes, however, ETFs have very low operating and administrative costs. There are no sales loads and no investment minimums.

FDIC Insured Deposits: Bank deposits that are insured against loss or the collapse of a bank by the Federal Deposit Insurance Corporation. This federal agency insures individual deposits held in member banks and thrifts for up to $100,000 for time deposits and up to $250,000 for IRA balances kept as time deposits. Not all banks are FDIC-insured.

Financial Planning: The preparation of and action on long-term financial goals, retirement objectives, investment diversification targets, as well as risk management and estate planning ends. The purpose of such planning — with or without professional help — is to set a clear roadmap for the accomplishment of your financial objectives and to increase your overall wealth.

Fixed Annuity: An insurance contract by which the insurance company makes fixed dollar payments to you for the term of the contract, usually until you or some other designated beneficiary dies. The insurance company guarantees these payments in full.

Fixed Income: See "Bonds".

Foreign Exchange Risk: The risk of an investment's value changing due to changes in a currency's exchange rates. For example, your returns from an investment in an international stock fund **can** fluctuate if the value of the U.S. dollar changes vis-à-vis other currencies.

Front Load: A sales charge paid when an individual initially takes out a loan or buys certain mutual funds, limited partnerships, or other investments. Not all funds charge a front fee. If, however, you invest $100 in a fund which charges a 5% "front fee", then $95 of your money will actually be invested and $5 will be paid to the salesman or asset management company for its marketing efforts.

Front-End Fee: Also see "Front Load".

Fundamental Indexes: A fund designed to replicate an index or entire market or some broad market segment, but structured so that the individual securities it holds (stocks, bonds, etc.) are weighted by earnings or dividends or *some factor other than price*. A traditional stock index hold stocks on the basis of "market capitalization" [i.e. stock price times the number of shares outstanding]. A "fundamental" stock index might select and hold stocks on the basis of some factor other than price — dividends, earnings, cash flow, or even employee headcount — to avoid holding over-priced stocks.

Gift Trust: The gifting of cash, bonds, stocks, art, or other assets to an educational institution or charity which, in turn, gives the donor an annuity-like stream of income of some period of time. Depending on the asset that is donated, there can be favorable tax consequences for donors making such gifts.

Golden Years: A euphemistic American term for one's retirement time — a time of financial security, relaxation, and care-free living.

Hedge Funds: A private investment fund that charges a performance fee, is typically open to only a limited range of qualified investors, uses leverage [that is, borrows against the investments to buy more investments], and employs advanced financial instruments such options, futures and derivatives. The goal of such funds is to generate high returns (either in an absolute sense or over a specified market benchmark) regardless of market conditions. Most hedge funds charge an annual management fee as well as some percentage of the fund's performance.

Home Care: The care provided to patients in their homes as opposed to that provided in hospitals, nursing homes, or hospices. In the United States, Medicare limits the amount of home-care expense it will reimburse.

Hybrid Mortgage: A loan to acquire real estate that incorporates both fixed and adjustable terms. Such mortgages typically start with a low rate of interest that is fixed for a specific period of time, then change to a higher, "floating" or adjustable rate later. Hybrid mortgages often entail higher risk since borrowers do not know how much higher their payments will be when the fixed-rate period expires.

Immediate Annuity: An annuity contract which begins to pay a beneficiary an immediate stream of income — typically commencing payments within 48 hours or the next 12 months.

Indexes: A benchmark or fund that tracks some basket of investments, an entire market or market segment. For example, the "S&P 500 Index" is a composite measure representing a basket of stocks of the country's 500 largest companies. Its performance is thought to be representative of the U.S. stock market as a whole. There are also fund-like investments which are also called "indexes" and which replicate the content and performance of an entire stock market [like the "S&P 500"] or some part of it. Such investments have low management fees because extensive research and teams of asset managers are not needed to select stocks. An index funds simply buys and holds stocks as dictated by the underlying index benchmark.

Inflation: A sustained increase in the general level of prices for goods and services as measured as an annual percentage increase. As inflation rises, every dollar you own purchases fewer goods and services.

Inflation Risk: The possibility that the value of assets or income will decrease as inflation shrinks the purchasing power of a currency. Inflation causes money to decrease in value at some rate, and usually does so whether the money is invested or not.

Inflation-Indexation: Benefits that rise over time to offset increases in the cost of living, usually as measured by the Labor Department's consumer price index. When you buy insurance, annuities or certain Treasury bonds, you can sometimes acquire such investments with built-in inflation adjustments.

Interest: The charge paid by borrowers for the capital that is lent to them. All loans, bonds and deposits call for fixed or adjustable interest payments.

Interest Risk: The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely. For example, if you own a bond paying 3% interest but the prevailing rate of interest in the market suddenly moves up to 5%, your bond will be worth less. Interest risk can be reduced by diversifying (investing in fixed-income securities with different durations) or by hedging (e.g. through an interest rate swap).

International Funds: Funds that invest in the stocks, bonds, real estate, or other financial assets of countries outside of the United States.

IRA or "Individual Retirement Account": A personal retirement savings account set up by an employed person with annual limitations as to the amount of money he or she can invest. Investment earnings inside an IRA are not taxed until the funds are withdrawn at age 59½ or later. Variants are the Simple IRA and Roth IRA (see definitions below).

IRA Drawdown: The withdrawal of IRA proceeds. IRA money can be withdrawn after age of 59½ and must be withdrawn al least partially by age 70½ to avoid penalties. You should consult a financial advisor about the penalties you can incur if you do not withdraw within prescribed time frames.

Keogh Plan: A tax-deferred pension account for self-employed workers or employees of unincorporated businesses.

Ladder Of Bonds: A bond investing strategy in which an investor purchases a variety of bonds with different maturity dates. It is a relatively simple concept that attempts to minimize the risks associated with fixed income securities. You might, for example, buy five bond positions — with each one paying you money in each of the next five years.

Life Insurance: A contract between a policy-owner and an insurer (usually an insurance company), where the insurer agrees to pay a sum of money upon the occurrence of the insured individual's or individuals' death. In return, the policy owner (or policy payer) agrees to pay a stipulated amount called a premium at regular intervals or in lump sums.

Life-Cycle Investments: Investments that change over time as an investor's life and economic circumstances change. For example, "target date funds" — which increase your holding of bonds and decrease your holding of stocks as you age — are sometimes called "life cycle investments".

Longevity Risk: The risk of outliving your savings. Longer life spans and poor savings levels can result in insufficient capital for the span of one's retirement years. Having a defined-benefit pension and/or buying annuities are ways of guaranteeing lifetime income.

Long-Short Funds: A fund or strategy that buys certain stocks or other assets "long" [trying to profit from the expected *increase* in the stock's or asset's price] and sells others "short" [trying to profit from the expected *falling price* of the stock or asset]. Long/short funds can borrow against their investments and buy more, or use derivatives and short positions in an attempt to maximize total returns. The amount of borrowing used and the number of derivatives and short positions that long/short funds may contain are usually limited by law.

Long-Term Health Care Insurance: Insurance that covers nursing-home and at-home care expenses not covered by Medicare or supplemental Medicare [i.e. "Medigap"] insurance. Statistics show that many men and women — but not all — will require several years of such care. Long-term health care insurance covers such expense.

Matching Contribution: A type of contribution an employer may make into his or her employee's employer-sponsored retirement plan. The contribution is usually based upon the amount of the elective contributions made by the employee.

Medicaid: The U.S. health program for individuals and families with low incomes and resources. It is jointly funded by states and the federal government, and is managed by individual states. Among the groups of people served by

Medicaid are eligible low-income parents, children, seniors, and people with disabilities.

Medicare: The U.S. health insurance program administered by the federal government, providing health insurance coverage to people who are either age 65 and over, disabled, or who meet other special criteria.

Medigap: Health insurance sold by private insurance companies to fill the "gaps" in the health-care coverage provided by Medicare. There are several standard Medigap plans set by the federal government which afford different amounts of supplemental health insurance coverage.

Modern Portfolio Theory: A Nobel Prize-winning theory which says that rational investors will use broad diversification to "optimize" their portfolios. In simple terms, the theory suggests that investors can reduce the risk or volatility of their holdings by holding a diverse mix of different investments, that the overall stock market is hard to beat, and that those who beat the market do so by taking above-average risk.

Money Market Fund: A fund which only invests in short-term (one day to one year) debt obligations such as (1) U.S. Treasury Bills, (2) certificates of deposit, and (3) commercial paper. The main objective of such funds is to preserve principal with modest earnings. Such funds are often used by financial institutions and other funds to store money that is not currently invested. Although these funds are deemed to be low-risk investments, there is, in fact, no guarantee of principal or return.

Mortgage: A loan which typically uses property (real estate or personal property) as security for the debt's repayment. Mortgages usually require the payment of "fixed" or "adjustable" rates of interest.

Mutual Funds: A professionally-managed form of collective investment that pools money from many investors and invests it in stocks, bonds, real estate, and/or other assets or securities.

Nursing Home Care: Heath care provided in nursing homes. Medicare limits the amount of expense it will pay for nursing-home care.

Other Post Employment Benefits ["OPEB"]: Retirement benefit obligations — primarily for retiree health care insurance and, secondarily, other kinds of insurance coverage — that some employers promise their employees.

Passive Funds: A collective fund or "index" which does not try to *beat* a market or benchmark index, but simply attempts to *replicate* it by investing in stocks, bonds or other assets precisely in accordance with the constituents of the index. A "passive fund" that invests in the S&P 500 index, for example, simply holds the stocks of the country's 500 largest companies in the same proportion as in the stocks in Standard & Poor's Index. Managers of passive funds or indexes have far lower expenses since there is no need for extensive research or teams of specialists making day-to-day "buy" and "sell" decisions. As a result, indexes or passive funds usually charge lower administrative or management fees than actively managed funds.

Pension: A fund set up and invested by an employer or a labor union to provide retirement income for workers. Also known as "direct benefit plans", they are funds which accumulate income and capital gains tax-free which are used to pay benefits once an employee retires.

Portfolio Management: The art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance.

Private Equity: An equity investment in companies or entities not quoted on a stock exchange. They include investments in the shares of companies that have not "gone public". They range from early stage ("venture capital") to later stage ("buy-out") investments.

Real Estate: Raw land, commercial buildings and/or residential buildings which, like stocks and bonds, are a distinct kind of asset class or investment category.

Real Estate Investment Trust (REITs): A corporation, trust or investment structure that uses the pooled capital of many investors to buy and manage income-producing commercial or residential properties ["equity REIT"] or real estate loans ["mortgage REIT"]. REITs sell like stock on the major exchanges. They are generally liquid. There is no minimum investment. REITs also have special tax benefits and permit you to share in the ownership benefits of non-residential properties such as hotels, malls, warehouses, and industrial properties.

Rent: All periodic payments made by a tenant to an owner for the occupancy or use of raw land, commercial property, or residential buildings.

Retirement: The point where a person stops employment completely. A person may also semi-retire and keep some sort of retirement job. Halting work altogether may happen upon reaching a determined age, when physical conditions don't allow the person to work any more (due to illness or accident), when his or her employer downsizes, or for personal reasons (such as access to adequate pension or personal savings).

Retirement Age: The age at which a person stops work completely. At the present time, the average retirement age in the U.S. is 62. The age at which one takes retirement may — because of health, company "downsizing", or any other number of factors — be different than you plan.

Retirement Community: A planned community for residents who have retired from active work. Such communities may provide sports, recreational and/or assisted-living facilities.

Retirement Planning: The process of identifying the amount of income you will need in retirement, the external sources of income you will enjoy, and the amount of savings you need to make up for any differences. A professional financial planner can help you make these projections and set a realistic savings plan.

Reverse Mortgage: An "increasing debt" loan available to seniors 62 and over in the United States which uses your primary residence as collateral to release money as a lump sum or as multiple, periodic payments. The borrower retains ownership of the property and is responsible for all taxes and repairs. The obligation to repay the loan is deferred until the owner dies, the home is sold, or the owner leaves. Because of their high costs, people should seek guidance when considering such loans.

Rollover: The process of reinvesting funds from a mature security, time deposit, or other investment structure into a new issue of the same or a similar security or structure. For example, you might "roll over" the proceeds of a 6-month time deposit when it matures into another 6-month (or other) time deposit. You can likewise "roll over" your 401(k) into an annuity when you retire.

Roth 401(K): A type of retirement savings plan in which investors make *after-tax* contributions and their investments then grow tax-free, with all withdrawals being tax-free (provided you hold the account for at least 5 years until the age 59½ or older). Roth 401(k)s have contribution limits similar to so-called "traditional" 401(k) plans.

Roth IRA: An "Individual Retirement Account" into which you contribute *after-tax* income, but all subsequent earnings on your investments are tax-free. There are income limitations on who may participate, but no minimum withdrawal requirements.

SEP or SARSEP: A "Simplified Employee Pension" or IRA-based plan for self-employed individuals, sole proprietors, partnerships, and employees in companies with less than 25 employees. Contributions are tax-deductible; taxes are levied upon withdrawal.

SIMPLE 401(k): A "Savings Incentive Match Plan for Employees" is a sub-set of 401(k) plans with three differences: (1) it is for small businesses having 100 employees or less; (2) employers must match up to 3% of each employee's contribution or make a 2% non-elective contribution; and (3) it has lower dollar limits than a traditional 401(k).

SIMPLE IRA: An IRA version of the "Savings Incentive Match Plan for Employees" for small businesses having 100 or fewer employees.

Social Security: A comprehensive federal program created in 1935 which provides workers and their dependents with supplemental retirement income, disability income, and other payments. To participate, workers must pay a minimum number of units of Social Security taxes.

Stagflation: A condition of slow economic growth and relatively high <u>unemployment</u>, usually accompanied by a rise in prices or inflation.

Stocks: A security issued in the form of shares that represent ownership interest in a company. There are basically two kinds: *common shares* [sometimes simply called "stock" or "shares" or "equity"] which give holders the right to elect the company's Board of Directors; and *preferred shares*. When you buy the stock of a company or invest in equity mutual funds, you become one of the owners of that company or companies.

Supplemental Medicare Insurance: Private insurance — sometimes called "Medigap" — that supplements some of the "gaps" or health-care expenses not covered by Medicare. Medicare pays approximately 45%-50% of a person's care costs. For some (but not all) of the balance, you can buy Medigap insurance from private insurance companies. The federal government has fixed ten such plans to choose from, each offering somewhat different benefits.

Target Date Funds: A balanced mutual fund that holds different mixes of stocks and bonds and is designed to gradually become more conservative as you near retirement by periodically increasing bond holdings and *decreasing* stock holdings. Sometimes called life cycle funds, they have a "target date" — usually the year at or near which you expect to retire (say, 2030). There are funds available for a variety of different target dates. However, the actual investment content of these funds and the percent held in stocks or bonds for any target date will vary from one fund family to another.

Term Life Insurance: Insurance that provides protection for only a specific period of time. You pay periodic (usually annual or monthly) premiums for this insurance, but it builds no cash value. This is in contrast to so-called "whole life insurance" which does build cash value you can tap.

Thrift Savings Plan ["TSP"]: A retirement savings plan for civilians employed by the federal government and military personnel. Contributions are made with pre-tax dollars, and the income on investments in the plan is tax-deferred until withdrawal.

TIPS: "Treasury Inflation-Protected Securities" are U.S. Treasury bills that enjoy periodic and automatic adjustments for inflation based on government tabulations of inflation levels.

Traditional Index Fund: A pooled investment fund that attempts to copy the performance of an entire stock market or some portion of an entire market by replicating a market index. For example, an index fund that tracks the S&P 500 Index will hold all 500 stocks in the Standard & Poor's Index using the same percentages or "weighting" as that Index. Traditional indexes hold stocks in proportion to their "market capitalization" — that is, their share price times the number of shares. And while a "mutual fund" or "actively managed fund" might invest in 20 or 40 different stocks, an index might invest in 500 or 1,500 stocks depending upon the underlying index.

Traditional IRA: An "Individual Retirement Account" that permits you to contribute some amount of *pre-tax* income each year, but then defer taxes on the investment gains you achieve until withdrawal (at or after age 59½). There are annual limits on the amounts you can contribute. There are also penalties if you withdraw the money *before* age 59½, and/or if you fail to make minimum withdrawals *by* age of 70½.

Trust: A fiduciary relationship in which one person or institution, known as a "trustee", holds title to property or assets for the benefit of another person, the "beneficiary". When you create a trust, you give fiduciary control of some specific property or portfolio or asset to another person or institution. You might do so as part of your long-term financial plans.

Variable Annuity: A kind of annuity which provides payments to the holder (the "annuitant") — usually at retirement but at any date of the buyer's choosing — where the size of the payments depends upon investment performance. When you buy a variable annuity, you can invest in any number of mutual funds [called "sub-accounts"] which are much like the mutual funds in your 401(k) or 457(b) plan. The performance of the investments you select determines the amount of money the annuity will pay.

Vesting: Reaching the point in time, through length of service, at which an employee acquires the right to receive employer-contributed benefits such as a pension.

Whole Life Insurance: A life insurance policy that remains in force for the insured's *whole life,* not a limited term. Whole life insurance offers guarantees that you can't find together in other forms of life insurance, such as a guaranteed death benefit paid to your beneficiary at your death, guaranteed cash value growth each year that can be accessed while you are alive, and guaranteed level premium payments.

Retirement Tools and Resources

Planning

Learn More About Financial Planning
http://www.cfp.net/learn/knowledgebase.asp?id=1

Setting an Income Target
http://www.aarp.org/money/financial_planning/sessionseven/retirement_planning_calculator.html

Setting a Savings Goal
http://www.choosetosave.org/ballpark/

Books That Will Help You

"You Can Do It!: The Boomers' Guide To A Great Retirement"

AUTHOR: Jonathan Pond
PUBLISHER: HarperCollins
ISBN-13: 9780061121388
DATE: November 2006

"Getting Started in a Financially Safe Environment"

AUTHOR: HENRY HEBELER
PUBLISHER: Wiley; 1 edition
ISBN-13: 978-0470117781
DATE: April 27, 2007

"LIFETIME FINANCIAL ADVICE: HUMAN CAPITAL, ASSET ALLOCATION AND INSURANCE"

AUTHOR: Roger Ibbotson, Moshe Milevsky, Peng Chen and Kevin Zhu
PUBLISHER: The Research Foundation of CFA Institution
ISBN-13 978-0943205946
DATE: 2007

Saving

Saving Tips
http://www.choosetosave.org/tips/
http://www.massmutual.com/mmfg/prepare/calculators/index.html
http://faculty.chicagogsb.edu/richard.thaler/research/SMarT14.pdf

401(k) and IRA Limits
http://www.todaysseniors.com/pages/401k_Contribution_Limits.html

Help Groups
http://www.choosetosave.org/brochures/

Books That Will Help You

"Start Late, Finish Rich: A No-Fail Plan for Achieving Financial Freedom at Any Age"

AUTHOR: David Bach
PUBLISHER: Broadway Books
ISBN-13: 9780767919470
DATE: January 2007

Investing

Importance of Diversification
http://www.sec.gov/investor/pubs/assetallocation.htm

Setting an Allocation Plan
http://www.aarpfinancial.com/content/resource/investing/allocationplan.cfm

Investing Tips
www.oppenheimerfunds.org

Objective Research
http://www.morningstar.com

Books That Will Help You

"Cash-Rich Retirement"

AUTHOR:	Jim Schlagheck
PUBLISHER:	St. Martin's Press
ISBN:	0-312-37740-1
DATE:	March 2008

Annuities

Learn More About Annuities
http://www.iii.org/individuals/annuities/

Main Kinds of Annuities
http://www.massmutual.com/mmfg/products/insure/annuity/index.html

http://www.aarp.org/bulletin/yourmoney/fixed_for_life.html

Books That Will Help You

"The Idiot's Guide to Annuities"

AUTHOR: Kenneth Little
PUBLISHER: Alpha Books
ISBN: 978-1592573554
DATE: February 1, 2005

Contact A Specialist
http://www.massmutual.com/mmfg/contact/index.html

Disability Insurance

Learn More About Disability Insurance
http://www.ssa.gov/disability/

For More Information
http://www.iii.org/individuals/disability/

Life Insurance

Learn More About Life Insurance
http://www.life-line.org/build/life_insurance/index.php?pt=lf&m=1

For More Information
http://www.iii.org/individuals/life/

Medicare

Learn More About Medicare
www.kkf.org
http://www.cbo.gov/publications/collections/collections.cfm?collect=6

Supplemental Health Insurance

Learn More About "Medigap"
http://www.medicare.gov/medigap/default.asp

Comparison of Standard Policies
http://www.kff.org/medicare/7067/med_supplement.cfm

Long-Term Health Care

Learn More About LTHC Insurance
http://www.aarp.org/money/financial_planning/sessionfive/longterm_care_insurance.html

Why LTHC Insurance Is Important
http://www.kff.org/medicare/7067/med_longterm.cfm

Social Security

Learn More About Social Security
http://www.ssa.gov/retire2/index.htm
http://socialsecurity.gov/history

Request An Updated Benefit Statement
https://secure.ssa.gov/apps6z/isss/main.html

Books That Can Help You

"Social Security: A Documentary History"

AUTHOR:	Larry DeWitt, Daniel Beland, Edward D. Berkowitz
PUBLISHER:	CQ Press
ISBN-13:	978-0872895027
DATE:	August 22, 2007

Contact A Specialist
http://www.ssa.gov/reach.htm

Drawing Down Your 401 (k) _

Drawdown Issues
http://www.bankrate.com/brm/itax/tips/20030325a1.asp

Books That Can Help You

"Your Complete Retirement Planning Road Map: The Leave-Nothing-to-Chance, Worry-Free, All-Systems-Go Guide to Preserving and Protecting Your Retirement"

AUTHOR:	Ed Slott
PUBLISHER:	Ballantine Books
ISBN-13:	9780345494559
DATE:	December 2006

Reverse Mortgages _

Learn About Reverse Mortgages

http://www.hud.gov/offices/hsg/sfh/hecm/rmtopten.cfm
www.reversemortgage.org
www.nrmlaonline.org
www.naipc.org
WWW.AARP/MONEY/REVMORT

Books That Will Help You

"Cash-Rich Retirement"

AUTHOR:	Jim Schlagheck
PUBLISHER:	St. Martin's Press
ISBN:	0-312-37740-1
DATE:	March 2008

The Non-Financial Aspects of Retirement _

Health and Well-Being
http://yourtotalhealth.ivillage.com/home

Working After Retirement
www.encore.org
www.civicventures.org/publications/booklets/boomers_guide.cfm

Living Communities
http://www.retirementliving.com/RLretire.html

Retirement Groups & Clubs
http://www.redhatsociety.com
www.aarp.org

Life Begins At 65!
http://www.aarp.org/fun/