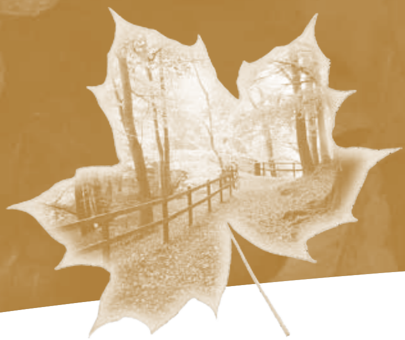

*Money*Talks

Wisconsin Deferred Compensation Program

Keep Going, Keep Growing

Age-based strategies for retirement savers

Because you are likely to need substantial savings to maintain your lifestyle in retirement, it's natural to want your portfolio to grow. Typically, financial professionals suggest stock funds for growth—but recent market fluctuations have made many investors seek the relative stability of bond funds and cash equivalents. This strategy is a form of market timing, a risky and often unsuccessful investing practice that involves jumping into and out of the financial markets according to short-term swings. Instead of trying to time the financial markets, try to practice age-appropriate investing. Take the biggest risks when you're young and have years to make up for possible losses. You will probably want to take fewer risks when you're older and retirement is looming; losses might cut into your retirement nest egg just when you need it and you wouldn't have the time to wait for a market rebound.

That said, you'll always want to keep your savings growing. Although stock funds tend to be more risky than bond funds or cash equivalents, they have historically offered the most potential for long-term growth.[15] Consider the following age-based guidelines to help you determine how to allocate your plan contributions.

In Your 20s and 30s[16]

You probably have competing demands on your income, such as mortgage and car payments or child-care expenses. Plan to boost your contribution rate by a small percentage each year. You have years to recover from any potential short-term market swings, so consider investing the majority of your contributions (80% or more) in stock funds and the rest in bond funds and cash equivalents.

In Your 40s[16]

By now, your children may be about to enter college. Remember that there are loans, grants, scholarships and other financial aid options available to your kids—but only *you* can fund your retirement. Continue to save as much as you can. In 2008, you can save as much as $15,500 in the WDC. Growth is still important, but it may now be appropriate for you to direct a portion of your contributions (no more than 30%) to less risky investments, such as bond funds or cash equivalents.

In Your 50s[16]

These could be your peak earning years, so try to make them your peak savings years, too. In many cases, you would now be eligible to make catch-up contributions to your plan. Save as much as you can afford to save. However, because retirement is fast approaching, you may want to consider keeping 60% of your savings in stock funds and the rest in bond funds and cash equivalents.

Stocks ... at Every Age[16]

If appropriate, you should include stocks, bonds and cash in your allocation at every stage of your life. By diversifying your retirement savings plan contributions among all three asset classes, you may potentially grow and protect your nest egg. ❁

15 Ibbotson Associates, a subsidiary of Morningstar, Inc., 2008.
16 FOR ILLUSTRATIVE PURPOSES ONLY. Intended to illustrate possible investment portfolio allocations that represent an investment strategy based on risk and return. This is not intended as financial planning or investment advice. Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

Please note: This newsletter does not constitute investment or financial advice.

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