Let Your Investments Grow

KEEP YOUR ACCOUNT WORKING FOR YOUR DREAMS

We all save for what we want in life. From smaller things, like a new couch or golf clubs, to bigger things, like a new car or home. Even when tempted to spend the money saved, we resist, relishing the idea of having what we've dreamed of.

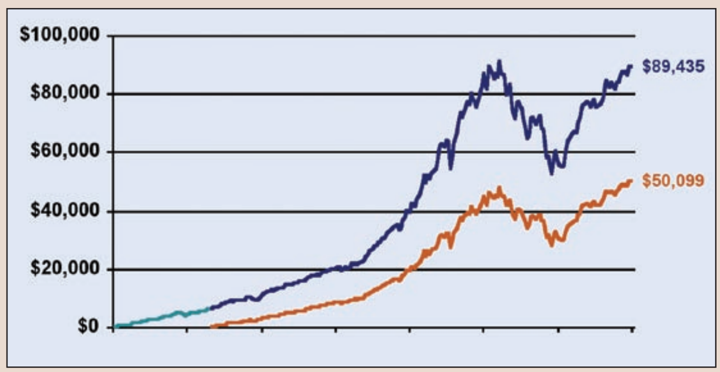
Consider treating your retirement dreams—and savings—the same way. Although it's your money and taking cash from your plan seems like a quick fix, it may not be the best solution. Be sure to review your choices and understand the consequences.

If you take out pretax money before age 59½, you may owe a 10 percent penalty tax for early distribution. That's on top of regular income tax owed. A significant portion of your original amount could go to taxes and penalties!

Some plans allow loans or after-tax withdrawals. This avoids taxes and penalties, but eats into the potential power of compounding. Consider Steve and John.

Steve and John work for the same company. In 1985, both started putting $100 a month in the plan. John changed jobs in December of 1988 and took $6,000 from his plan. John started contributing $100 a month again in January of 1989 at the new job. At the end of 2005, Steve has $89,435 while John has $50,099. John's $6,000 withdrawal cost him $39,336! That's the compounding and interest John lost out on because he removed money from his account.

Remember that the point of saving today is to have money for your dreams. Avoid taking money out of the plan, and keep your account working for your future. CE



Steve's example assumes he invests $100 a month for 20 years in an S&P 500 fund. John's example assumes he invests $100 a month for 17 years in an S&P 500 fund. The example assumes S&P 500 Index returns, compounded monthly, with contributions made at the end of each month. This illustration does not represent a specific investment product.

The S&P 500 Index is a capitalization-weighted index of 500 widely traded stocks that are representative of the U.S. large-capitalization equity market; it is considered to represent the performance of the stock market in general. It is not possible to invest directly into an index. Stocks will fluctuate in value.

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