Welcome to our workshop on investment fundamentals. We're excited to see you. You should have been given some materials as you entered. I also have pencils *(or pens)* available if you need them.

Before we start the main part of our presentation, let me take a minute or two to tell you what we hope to accomplish over the course of the next hour or so.

We have three main workshop objectives.

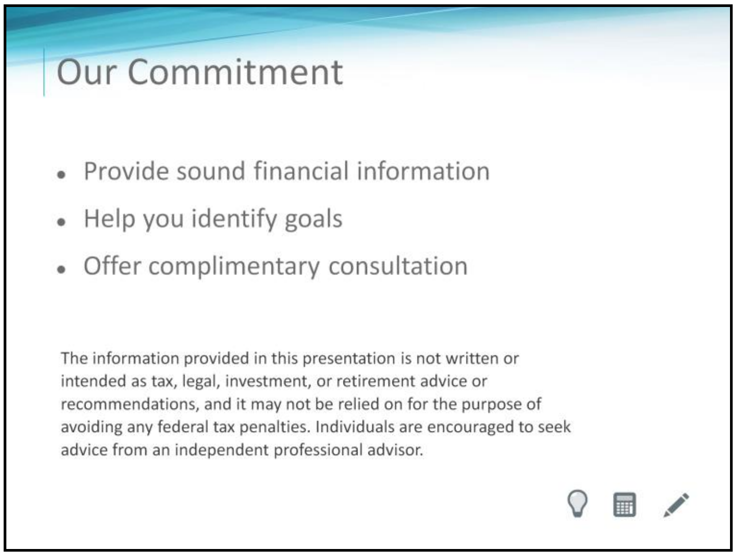
First, we’d like to introduce ourselves and our company.

(Give a brief personal background, tell about your organization, and give its location.)

We use workshops like this one to introduce ourselves and to develop strong working relationships with people like you.

Second, we’d like to educate you about the benefits of financial management. We’ll also discuss some investing techniques that can help you reach your financial goals.

And, third, we’d like to clearly illustrate the advantages of working with a company like ours.



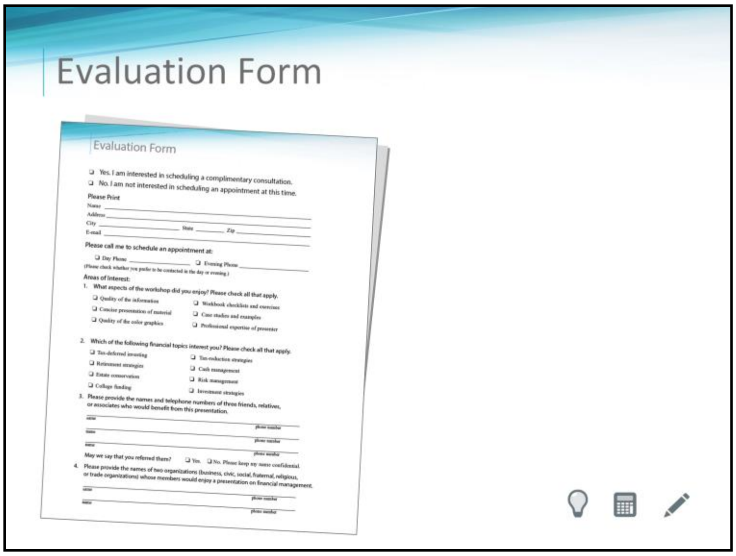
Our commitment to the community extends beyond simply offering financial services. We are committed to helping people evaluate their financial situations and giving them the tools to help them make informed decisions.

As part of that commitment, we use workshops like this one to provide individuals with sound financial information. This will help you identify your goals and make wise decisions to improve your financial situation.

We follow up this session with a meeting in our offices. This is a complimentary consultation that we offer to everyone who attends our workshops. During that consultation, we can discuss any questions you have as a result of today's workshop. If you prefer, we can use that time to examine your specific situation and begin the process of helping you formulate a financial strategy that will suit your needs.

We know that we'll establish a working relationship with you only when *you're* confident we can be of service to you. We want you to understand your options and to know how you may benefit from our services.

The information provided in this presentation is not written or intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. Individuals are encouraged to seek advice from an independent professional advisor.



Among the workshop materials you received is an evaluation form just like this one. Do you all have one?

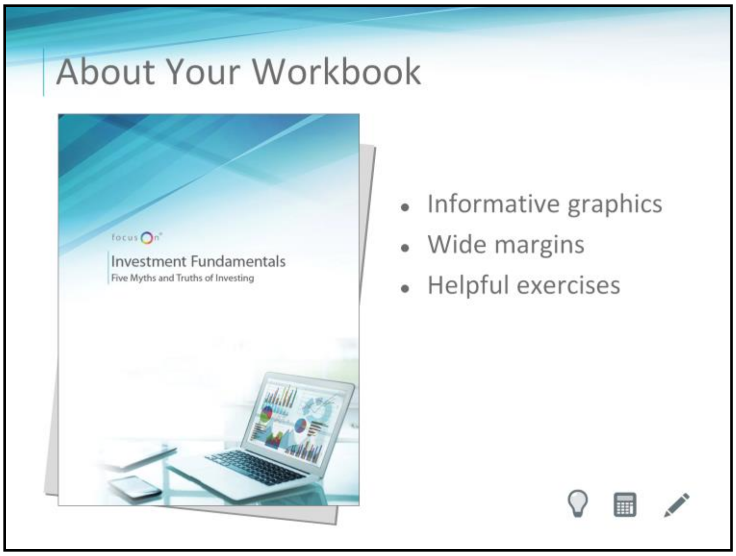
(Pull out an evaluation form for your workshop participants to see.)

At the end of the workshop, you'll use this form to tell us whether you're interested in taking advantage of the complimentary consultation.

We'd like to make you two promises concerning this form. First, if you check "Yes, I am interested in scheduling a complimentary consultation," we'll call you tomorrow and set up an appointment. Second, if you check "No, I am not interested in scheduling an appointment at this time," we won't call you or contact you directly after the workshop.

In exchange for our two promises to you, please promise that you will fill out this form. Many of our workshop attendees do come in for a consultation, so we've set aside time just to meet with you.

When you do come to our office, feel free to leave your checkbook at home. We are very interested in developing working relationships with many of you, but that decision is yours.



Let's talk about your workbook.

Research has shown that people are more likely to remember something they act on rather than something they only hear about. That's why we designed this workbook so you can apply what you learn to your situation. It's yours to keep. It reinforces the workshop's major points and will be a valuable resource for you.

Throughout the workbook, you'll see informative graphics. They come directly from the workshop slides, making it easy for you to follow the presentation. Later, these graphics will be reminders of the workshop's important points.

The workbook has wide margins so you can take notes. As we cover this material, feel free to underline or circle items you may have questions about. That way, they'll be fresh in your mind during the complimentary consultation.

You'll also find helpful exercises, worksheets, and self-analysis quizzes. These materials will make your workshop experience interesting, informative, and most important, valuable.

I'd like to begin today's presentation with a personal question: Why do you want to invest?

(Pause to allow participants to answer.)

Although there may be some similarities, chances are good that each of us has a slightly different idea in mind when it comes to investment objectives.

Some of you may be interested in securing a comfortable retirement. Others may want a cabin in the mountains, a 40-foot yacht, or to pay for a child's college tuition. Some of you may simply want to protect the savings you've already accumulated against the effects of inflation.

BONUS FEATURE

(Click the workbook icon so participants can record their top three investment goals in the workbook.)

Once you have a clear idea of what you want from your money, you can begin creating a roadmap to pursue your objectives.

Along the way, you may encounter a few myths that can lead you to make poor financial decisions. We're going to spend the next hour addressing five myths of investing — and the corresponding truths that can give you the power to reach your goals.

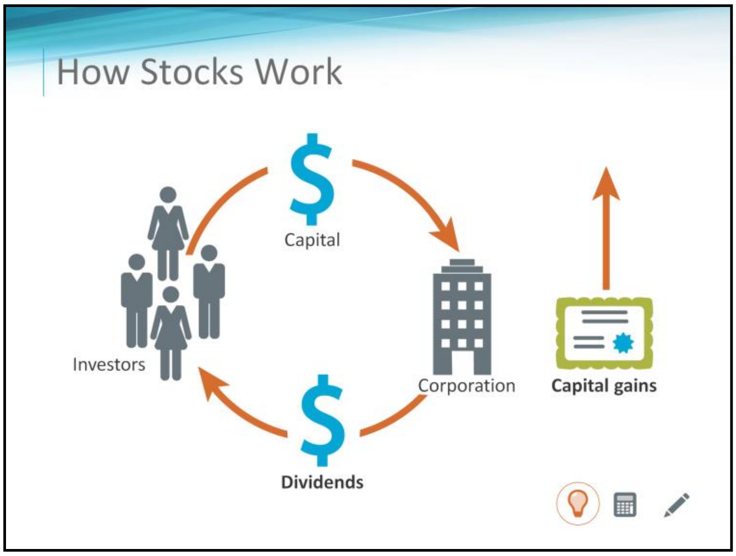
Myth #1: "Recessions and bear markets prove that stocks aren't worth the risk."

Has anyone here grown skeptical about investing in stocks?

Stocks do tend to be volatile and unpredictable — they may even cause investors to suffer through extended periods of loss. However, it's important to be aware of the potential rewards that accompany such risk.

Truth #1: "Over the long run, stocks have historically outperformed other types of investments."

Let's take a closer look.



Before we delve into the benefits of stock investing, here's a quick review of how stocks work.

Stocks represent shares of ownership in a corporation. When you buy stock, you become a part owner of that corporation. As a stockholder, you can make money in one of two ways.

First, some companies distribute part of their profits to stockholders as **dividends**. These payments vary from stock to stock and are normally paid on a quarterly basis. Stocks that consistently pay dividends are known as income stocks. Some investors purchase these stocks purely for their income potential and are less concerned with the prospect of capital growth.

Some companies reinvest in themselves instead of distributing their profits to shareholders. As these companies grow, the price of their stock increases or appreciates in value. This is called **capital appreciation**. You can profit from these stocks by selling them for more than the original purchase price. Of course, when you sell appreciated stock, you will owe capital gains taxes. Long-term capital gains and qualified dividends have historically been taxed at a lower rate than ordinary income from wages or interest income.

Remember that the return and principal value of stocks may fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

BONUS FEATURE

(Click the light bulb icon to explain taxability of capital gains and dividends.)

If an investor had put $10,000 in stocks mirroring the S&P 500 on January 1, 1998, the account would have reached $16,203 in August 2000 before falling during the post-9/11 bear market.

As a result of improved market conditions, the account would have reached $18,661 at the end of October 2007. Unfortunately, the 2008 through early 2009 period was a disastrous time for stocks and many other investments, and the account would have fallen to $9,153 by February 28, 2009. Afterward, because of improving conditions, the account would have reached $40,135 at the end of December 2017.

Over this 20-year period, the average annual return of stocks was 7.20 percent, and the cumulative return was 301 percent.

This graph confirms that stocks can be quite volatile. In 2013, the best-performing year during this period, stocks earned 32.39 percent. But in the period's worst-performing year, 2008, they lost 37.00 percent.

Investors remember this all too well. In fact, some people who were shaken by the declining market and moved out of stocks during the recession may not have participated fully in the market upsurge. The value of stocks fluctuates with market conditions. Shares, when sold, may be worth more or less than their original cost.

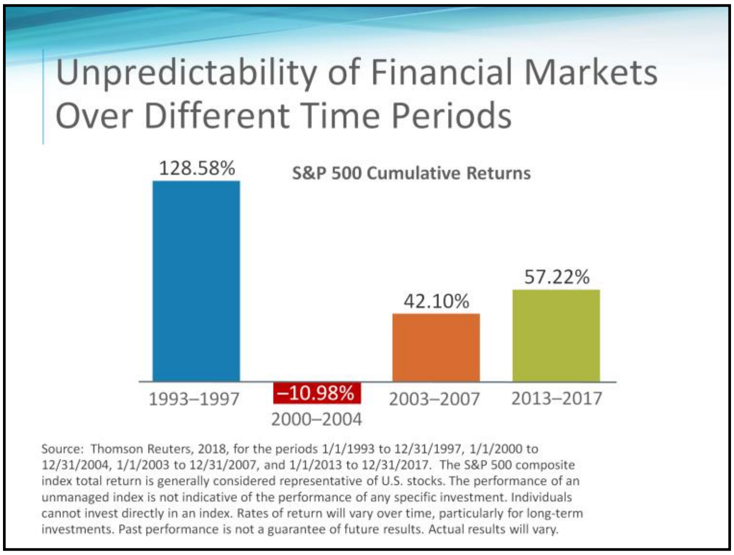
Source: Thomson Reuters, 2018. Performance shown is for the period January 1, 1998, to December 31, 2017. Stocks are represented by the Standard & Poor's 500 composite total return. The S&P 500 is an unmanaged index that is generally considered to be representative of the U.S. stock market. The returns do not reflect taxes, fees, brokerage commissions, or other expenses typically associated with investing. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.

Understanding stockholder risks can help you determine whether, or to what extent, stocks are appropriate for your portfolio.

The first stockholder risk is market risk. As we've seen, stocks are volatile and may fluctuate widely with market changes. For example, when the stock market crashes, it tends to pull down the value of most stocks, regardless of the strength of the underlying companies.

The second is economic risk. Slower economic growth can cause the price of some investments to decline. For example, certain industries, such as auto makers and steel plants, cannot easily cut costs during a recession. As a result, the price of their stock can decline dramatically when the economy slows down.

There are also company-specific risks that may affect share prices. For example, if you had purchased United Buggy Whip stock before the turn of the 20th century, you would have seen the value of your investment decline as the horse-drawn cart went out of style.

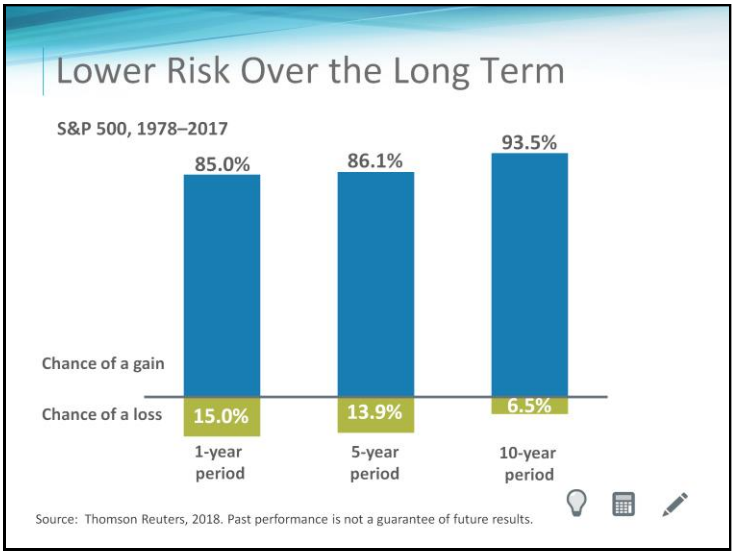


It's important to consider the unpredictability of the financial markets over different time periods.

Look at the cumulative returns of the S&P 500 composite stock index over four different five-year periods: 1993 to 1997, 2000 to 2004, 2003 to 2007, and 2013 to 2017. *(The cumulative return looks at the total percentage increase or decrease in the value of an investment over a specific time period.)*

As you can see, these four five-year periods produced vastly different results. Although the cumulative returns for three of these periods were positive, the five-year period from 2000 through 2004 had a *negative* (–10.98%) cumulative return.

Source: Thomson Reuters, 2018, for the periods January 1, 1993, to December 31, 1997; January 1, 2000, to December 31, 2004; January 1, 2003, to December 31, 2007; and January 1, 2013, to December 31, 2017. The S&P 500 composite index total return is generally considered representative of U.S. stocks. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Past performance is not a guarantee of future results. Actual results will vary.



Investing for the long term is one way to help lower your exposure to stock market risk. This gives your money time to recover from periods of market fluctuations and loss.

For example, based on the historical performance of stocks from 1978 through 2017, the chance of losing money over a one-year time period was 15.0 percent. After five years, the odds of experiencing a loss declined to 13.9 percent. And after 10 years, the chance of loss was down to 6.5 percent. Of course, remember that past performance is no guarantee of future results.

Ranges consider the 40 one-year periods, the 36 five-year periods, and the 31 ten-year periods from 1978 through 2017. The S&P 500 is an unmanaged index that is generally considered to be representative of the U.S. stock market. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Actual results will vary.

Source: Thomson Reuters, 2018, for the period January 1, 1978, to December 31, 2017

Now that we've discussed the benefits and risks of stock investing, let's move on to Myth #2: "Bonds are for conservative investors."

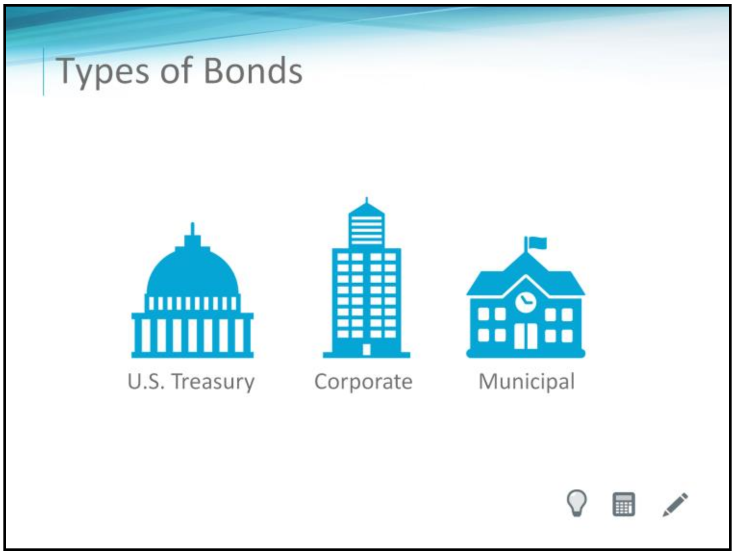
That's a common misconception, especially because bonds are associated with fixed-income investing, which is often the goal of retirees who are looking for a steady income stream.

Truth #2 is that "Bonds can play a crucial role in any portfolio."

Let's take a few minutes to find out why.

BONUS FEATURE

(Click the light bulb icon to explain how bonds work.)



There are several different types of bonds issued by different entities, including the U.S. Treasury, corporations, and municipalities.

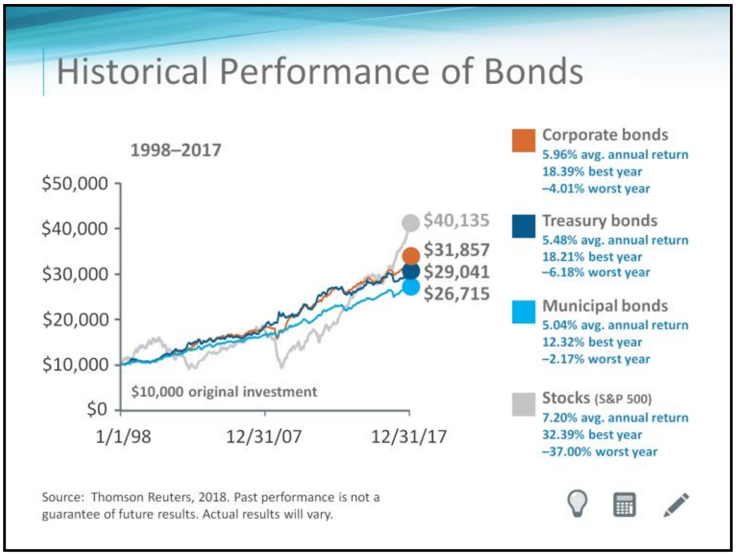
Treasuries range in maturity from 30 days to 30 years. They are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest, so there is little risk of default when it comes to investing in Treasuries.

Corporations may issue bonds to fund a large capital investment or a business expansion. The value and risk associated with corporate bonds depend in large part on the financial outlook and reputation of the company issuing the bond.

Municipalities, such as state and local governments, may issue bonds to fund the building of roads, schools, or other public-works projects. Municipal bonds are generally tax exempt, meaning that the income they generate is free of federal income taxes. Income may also be free of state and local income taxes for investors who live in the jurisdiction where the bond is issued.

Note that in some states, you will have to pay income taxes if you buy shares of a municipal bond fund that invests in bonds issued by other states. In addition, although some municipal bonds in the fund may not be subject to ordinary income taxes, they may be subject to federal, state, or local alternative minimum tax. If you sell a tax-exempt bond fund at a profit, there are capital gains taxes to consider.

Bonds are subject to interest-rate, inflation, and credit risks, and they have different maturities. As interest rates rise, bond prices typically fall. The return and principal value of bonds fluctuate with changes in market conditions. If not held to maturity, bonds may be worth more or less than their original value.



Here's a look at the historical performance record for various types of bonds. You can also see stocks for comparison purposes.

A $10,000 investment in corporate bonds on January 1, 1998, would have grown to $31,857 by December 31, 2017. The same investment in Treasury bonds would have grown to $29,041; and in municipal bonds, $10,000 would have grown to $26,715.

As you can see, corporate bonds offered the highest bond returns over this period. During their best year, they gained 18.39 percent, but in their worst year, they lost 4.01 percent.

Also notice that bond values may rise when stocks decline, and vice versa, so holding a mix of stocks and bonds in your portfolio may help temper market fluctuations. Adding stability to a portfolio is one the main attractions of bonds for investors.

Source: Thomson Reuters, 2018, for the period January 1, 1998, to December 31, 2017. Corporate bonds are represented by the Citigroup Corporate Bond Composite Index. Treasury bonds are represented by the Citigroup Treasury 7–10 Year Index. Municipal bonds are represented by the Bloomberg Barclays Municipal Bond 10-Year Index. Stocks are represented by the S&P 500 composite total return. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.

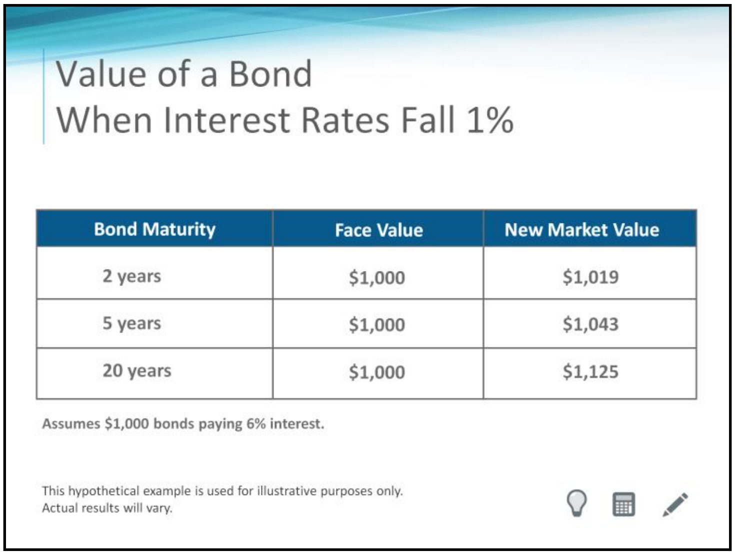
Although bonds are generally less volatile than stocks, they also have some risks.

First, bonds are subject to default risk, or the risk that an issuer may not be able to pay the interest or principal when it comes due.

The value of a bond may also suffer if the issuer's credit rating declines while the bond is outstanding.

In addition, bond values may fluctuate with changes in market conditions.

Finally, bonds are subject to interest rate risk. Generally, bond values move in the opposite direction of interest rates. In other words, when interest rates rise, the market value of all outstanding bonds typically falls. That's because a bond issued yesterday with a 5 percent yield is worth less to a potential buyer than a bond issued today at 6 percent.



Look at what happens to the value of existing bonds when interest rates fall 1 percent.

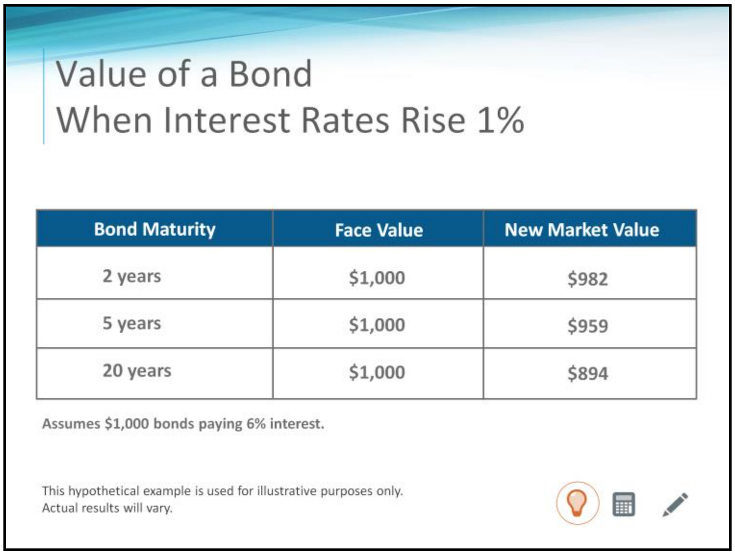
This hypothetical example assumes you have a series of $1,000 bonds, each earning 6 percent.

If interest rates fall by only 1 percent, the market value of a two-year $1,000 bond will rise to $1,019.

The longer the term of the bond, the more pronounced this effect becomes. The market value of a five-year $1,000 bond rises to $1,043. And the market value of a 20-year $1,000 bond rises to $1,125.

This phenomenon applies only if you decide to sell your bond holdings before they mature. If you hold the bonds to maturity, you’ll receive the interest payments due (barring default, of course) and your $1,000 principal.

This hypothetical example is used for illustrative purposes only and does not represent any specific investment. Actual results will vary.



Now look at what happens to the value of an existing bond when interest rates rise 1 percent.

As before, this hypothetical example assumes you have a series of $1,000 bonds, each earning 6 percent.

If interest rates rise by only 1 percent, the market value of a two-year $1,000 bond will fall to $982.

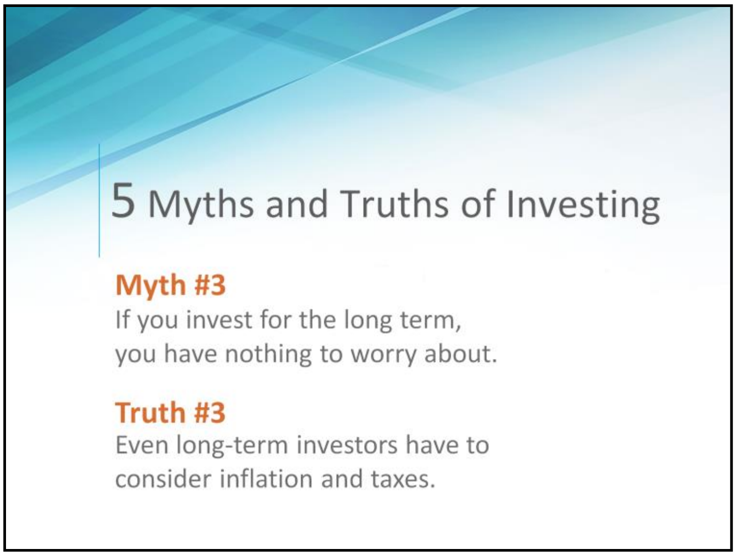
The longer the term of the bond, the more pronounced this effect becomes. The market value of a five-year $1,000 bond falls to $959. And the market value of a 20-year $1,000 bond falls to only $894.

Again, this phenomenon applies only if you decide to sell your bond holdings before they mature. If you hold the bonds to maturity, you'll receive the interest payments due (barring default, of course) and your $1,000 principal.

This hypothetical example is used for illustrative purposes only and does not represent any specific investment. Actual results will vary.

BONUS FEATURE

(Click the light bulb icon to show how interest rates have changed since 2000.)

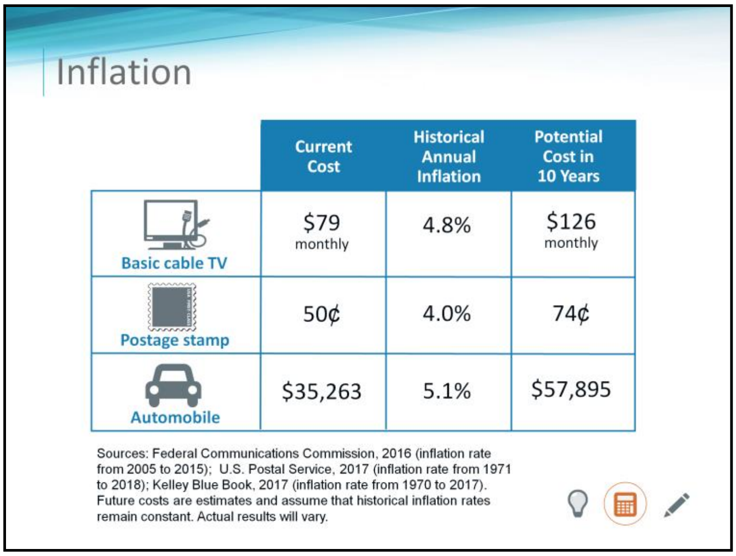


Let’s move on to Myth #3: “If you invest for the long term, you have nothing to worry about.”

As we mentioned, keeping a long-term perspective may help reduce the risks associated with market volatility. However, it can also lure investors into a false sense of security, causing them to forget about two other major obstacles.

Truth #3 is: “Even long-term investors have to consider inflation and taxes.”

We’ll take a closer look.



	Current Cost	Historical Annual Inflation	Potential Cost in 10 Years
Basic cable TV	$79 monthly	4.8%	$126 monthly
Postage stamp	50¢	4.0%	74¢
Automobile	$35,263	5.1%	$57,895

Inflation is the rise in consumer prices. Over time, it can result in a loss of purchasing power.

Even in the last few years, a period of relatively low inflation, the prices of basic household items have been rising.

(Note to presenter: Make sure you know current costs if they have increased after publication date.)

The current cost of basic cable TV is $79 per month, a first-class stamp is 50 cents, and the average expenditure for an automobile is about $35,263.

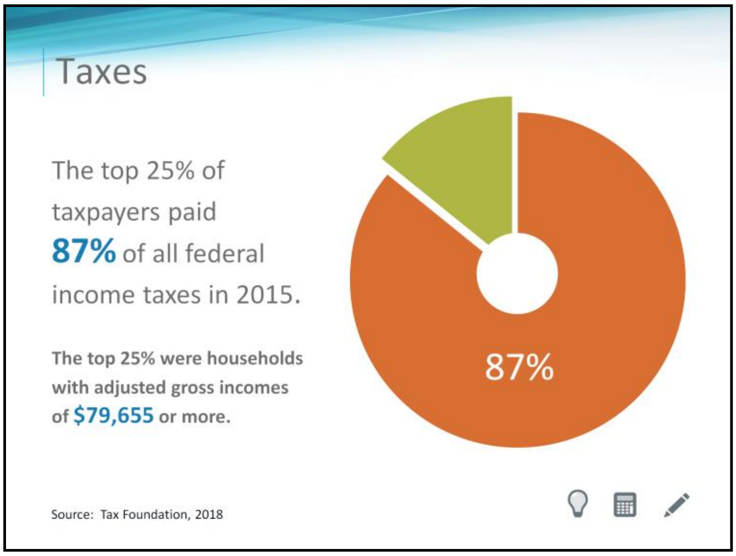
If historical inflation rates remain constant going forward, the cost of basic cable TV in 10 years could be $126 per month, a first-class stamp could be 74 cents, and an automobile could cost $57,895.

Think about this: If inflation were to remain constant at a rate of 4 percent, the purchasing power of your money would be cut in half in about 18 years.

Sources: Federal Communications Commission, 2016 (inflation rate from 2005 to 2015); U.S. Postal Service, 2017 (inflation rate from 1971 to 2018); Kelley Blue Book, 2017 (inflation rate from 1970 to 2017). Future costs are estimates and assume that historical inflation rates remain constant. Actual results will vary.

BONUS FEATURE

(Click the calculator icon to show how inflation can result in a loss of purchasing power over time.)



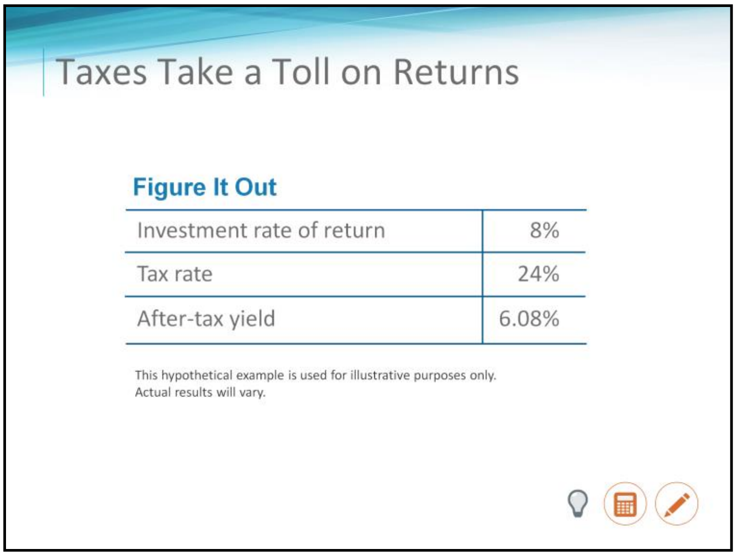
Investors face another challenge: taxes. Generally speaking, the more money you make, the more taxes you owe. Did you know that in 2015, the top 25 percent of taxpayers paid 87 percent of the nation's federal income taxes? And even with the new tax cuts signed into law last year, that percentage isn't likely to change much.

When you hear "top 25 percent," you may be thinking that this is a very wealthy group, but that isn't necessarily the case. If your household had a modified adjusted gross income (AGI) of $79,665 or more in 2015, that placed you in the top 25 percent.

By contrast, those with a household AGI below that amount were responsible for only 13 percent of the overall federal income tax burden.

The bottom line is that even those who have a moderate income pay a large portion of their incomes in taxes.

Source: Tax Foundation, 2018 (2015 data, most recent available as of February 2018)



In addition to reducing your take-home pay, taxes also take a toll on investment returns.

Before you decide to allocate money to a particular investment, it's important to understand how taxes can impact the return on the investment.

As this example shows, for someone in the 24 percent federal income tax bracket, a taxable investment with an 8 percent return would yield only a little more than 6 percent after taxes. That's a significant difference, especially when viewed over a long period of time.

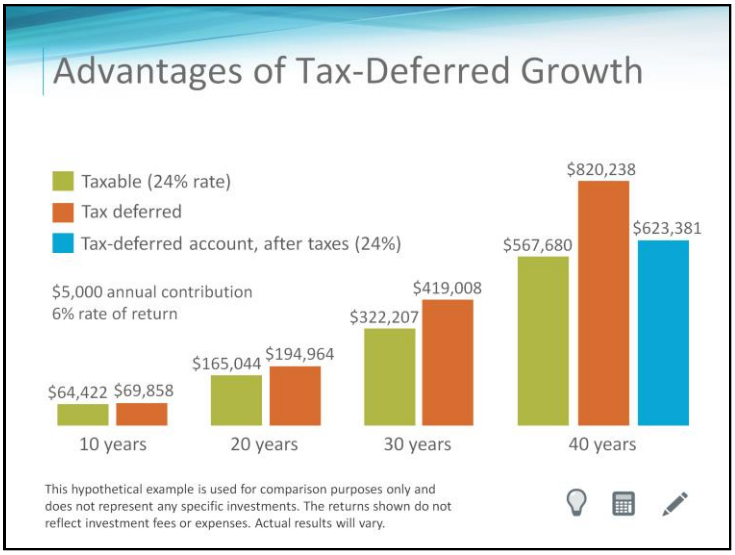
One way to combat the effect of taxes on your investment portfolio is to consider investing a portion of your savings in tax-exempt or tax-deferred vehicles.

BONUS FEATURE

(Click the calculator icon to view an after-tax yield calculator.)

OR

(Click the workbook icon to show investors how to find the after-tax yield for their own investments.)



Because many people invest to accumulate funds for retirement, we'll spend a little time talking about the advantages of tax-deferred plans.

Some investment vehicles, such as 401(k) plans, 403(b) plans, and traditional IRAs, offer investors the opportunity for tax-deferred growth. When an investment is tax deferred, it means that current taxes aren't due until funds are withdrawn, which usually occurs in retirement. This gives pre-tax or tax-deductible contributions and any earnings the opportunity to accumulate year after year, potentially enhancing the long-term growth of savings.

Here's how tax deferral works. The chart shows the potential growth in account value of a $5,000 annual investment in a taxable versus a tax-deferred vehicle earning a hypothetical 8 percent return.

After 40 years, the money placed in a taxable account would be worth $567,680. During the same period, the tax-deferred account would grow to $820,238 — that's significantly more than the taxable investment. Even after taxes have been deducted (assuming a lump-sum payout and the same 24 percent tax rate), the account would still be worth $623,381.

Generally, it's a good idea to take advantage of tax-deferred savings whenever possible.

This hypothetical example is used for comparison purposes only and does not represent any specific investments. Investment fees and expenses are not reflected in the example and would reduce the performance shown if they were included. Rates of return will vary over time, especially for long-term investments. Actual results will vary. Investments offering the potential for higher rates of return also involve a higher degree of risk. Lower maximum tax rates for capital gains and dividends, as well as the tax treatment of investment losses, could make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the two accounts shown. An individual's time frame and income tax brackets, both current and anticipated, should be considered when making financial decisions. Distributions from tax-deferred plans are taxed as ordinary income and, if taken prior to age 59½, may also be subject to a 10 percent federal income tax penalty.

(Note: For convenience, all numbers have been rounded to the nearest whole dollar.)

Employer-sponsored retirement plans such as 401(k) and 403(b) plans offer a number of benefits.

First, you generally can contribute a percentage of your salary using pre-tax funds, and you don't have to pay current taxes on contributions or any earnings until you withdraw funds, usually in retirement. As we discussed, this can greatly enhance the growth potential of the investment by allowing each year's savings to build on the pre-tax accumulation of previous years.

Making pre-tax contributions may help lower your current income tax liability and could enable you to contribute more each month.

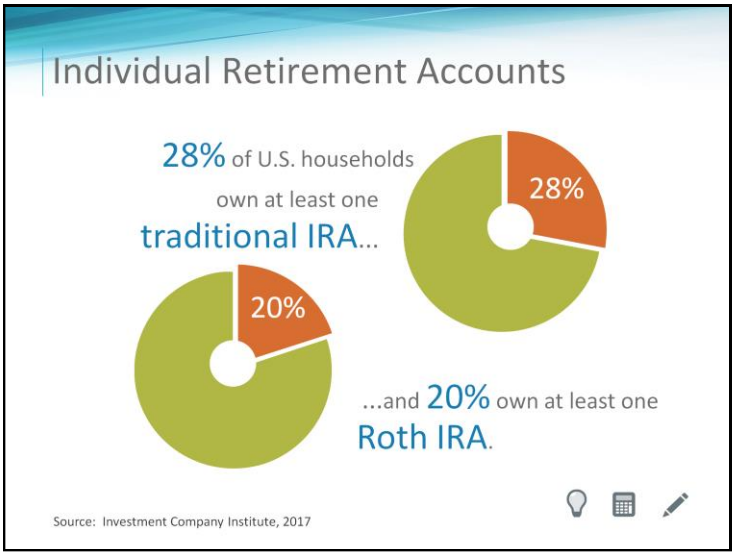
Some employers offer to match a percentage of your employer-plan contributions with additional funds. This is essentially extra money provided by your employer to help you save for retirement. Whatever your savings strategy, it is usually a good idea to contribute at least enough to qualify for the full employer match, if one is offered.

One drawback of defined contribution plans is that they are subject to federal contribution limits. In 2018, workers may contribute up to $18,500 to a 401(k) or 403(b) plan, and those who are age 50 and older may save an additional $6,000, thanks to a "catch-up" provision.

You should also know that distributions from most employer-sponsored retirement plans are taxed as ordinary income and may be subject to a 10 percent federal income tax penalty if taken prior to reaching age 59½. Required minimum distributions must begin once you reach age 70½.

BONUS FEATURE

(Click the light bulb icon to discuss the importance of managing your 401(k).)



IRAs offer another popular way to save on a tax-deferred basis. And they may offer a broader range of investment options than an employer-sponsored retirement plan.

There are two main types of IRAs: traditional and Roth. In 2017, 28 percent of U.S. households owned at least one traditional IRA, and 20 percent owned at least one Roth IRA.

Individuals under age 70½ who have earned income can contribute to a traditional IRA. Contributions are generally tax deductible, unless you participate in an employer-sponsored retirement plan and your income exceeds certain limits. Like the case with employer plans, your contributions and any earnings accumulate tax deferred, so no current taxes are due on the account until you make withdrawals, generally in retirement. Once you reach age 70½, you must begin taking required minimum distributions from a traditional IRA each year.

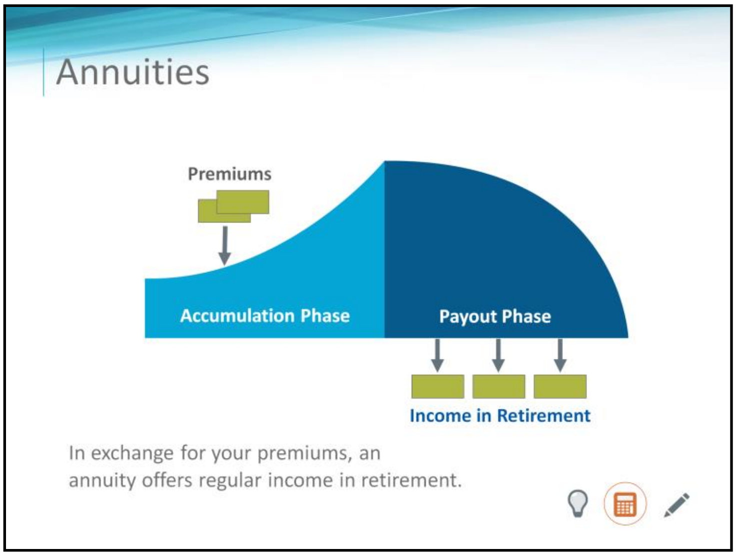
Distributions from traditional IRAs are taxed as ordinary income. Withdrawals taken prior to reaching age 59½ may be subject to a 10 percent federal income tax penalty.

Roth IRAs are funded with after-tax contributions. However, not only do contributions and earnings accumulate tax deferred, but qualified distributions made during retirement are free of federal income tax. In addition, you never have to begin taking mandatory distributions due to age. (IRA beneficiaries, however, are required to take minimum distributions after the death of the account owner.) Eligibility to contribute to a Roth IRA phases out at higher income levels ($120,000 for single filers and $189,000 for married couples filing jointly).

In order to qualify for a tax-free and penalty-free withdrawal of earnings, Roth IRA distributions must meet the five-year holding requirement and take place after age 59½ or result from the owner's death, disability, or a qualified first-time home purchase ($10,000 lifetime maximum).

Remember that IRAs are subject to stringent contribution limits. In 2018, individuals may contribute up to $5,500 a year to all IRAs combined, and those who are age 50 and older can contribute up to $6,500.

Source: Investment Company Institute, 2017



Annuities offer another way to accumulate funds for retirement on a tax-deferred basis, yet they don't have some of the restrictions associated with IRAs and employer-sponsored retirement plans.

An annuity is a contract between you and an insurance company. In return for the regular payments you make during the annuity's accumulation phase, the company agrees to pay you regular income during the annuity's payout phase (usually in retirement). Contributions to annuities are made with after-tax dollars, but any earnings accumulate tax deferred.

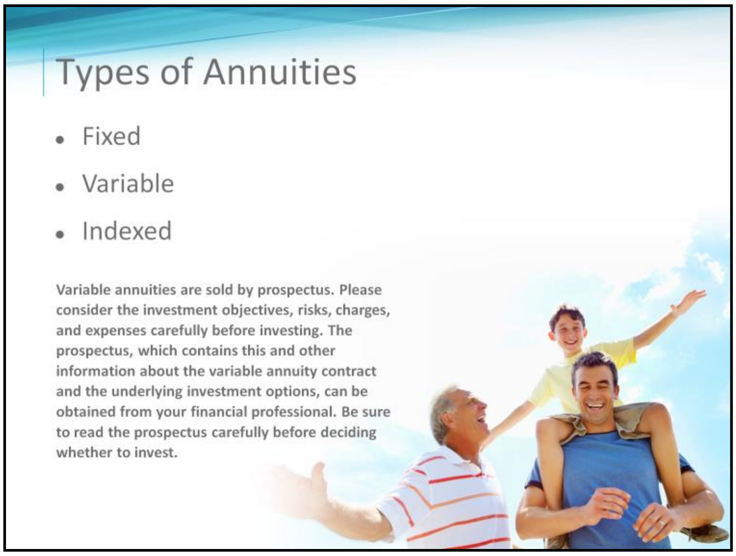
Unlike IRAs and employer-sponsored retirement plans, annuities are not subject to federal contribution limits, so they can be funded with a lump sum from an inheritance or the sale of a home or business. In addition, annuity owners are not required to take mandatory distributions due to age. Finally, some types of annuities offer guaranteed returns and lifetime payments (for an additional cost), which could significantly enhance your income in retirement.

Generally, annuities have mortality and expense charges, account fees, investment management fees, and administrative fees. Surrender charges may be assessed during the contract's early years if the annuity is surrendered. Withdrawals of annuity earnings are taxed as ordinary income; early withdrawals made prior to age 59½ may be subject to a 10 percent federal income tax penalty. The guarantees of annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company. Variable annuity subaccounts fluctuate with changes in market conditions; when the annuity is surrendered, the principal may be worth more or less than the original amount invested.

Variable annuities are long-term investment vehicles designed for retirement purposes. They are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the variable annuity contract and the underlying investment options, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

BONUS FEATURE

(Click the calculator icon to show how a fixed annuity could produce guaranteed retirement income.)



There are three main types of annuities: fixed, variable, and indexed.

Fixed annuities offer a guaranteed rate of return, so your investment pays a set yield no matter how the market performs. Fixed annuities may be set up to pay you guaranteed income for a certain number of years or for the entire length of your retirement.

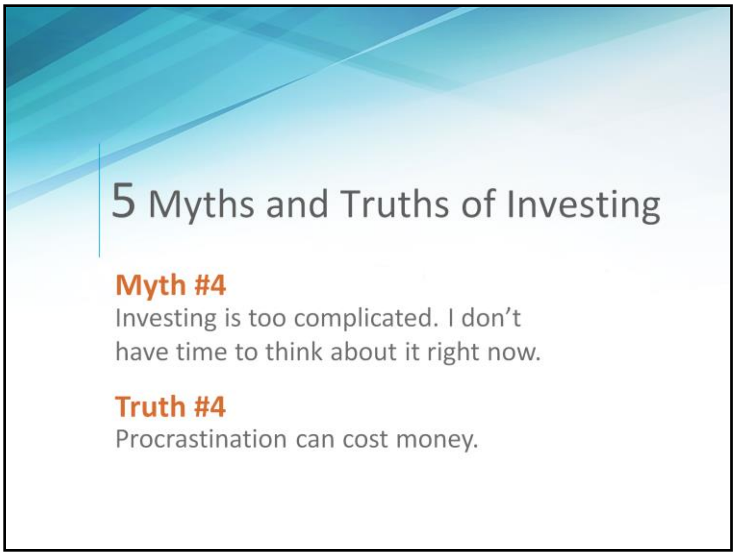
With variable annuities, you can invest in a variety of investment subaccounts whose value may fluctuate with market conditions. The investment objectives of the subaccounts can range from conservative to aggressive. A variable annuity may outperform a fixed annuity, but there are no guarantees. If the markets experience hard times, variable annuity investors run the risk of losing accumulated earnings and even principal.

Indexed annuities are designed to combine the benefits of fixed and variable annuities by offering guaranteed protection of principal with the potential for additional gains. The performance of an indexed annuity is tied to a market index such as the S&P 500. When the index rises, so does the return on the annuity. But if the index tumbles, typically the worst the annuity can do is earn no interest — or a guaranteed minimum, if one is offered. The guaranteed minimum is contingent on holding the indexed annuity until the end of the term. In this way, indexed annuities allow investors to pursue market gains while still protecting their principal.

Any annuity contract guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company. Generally, annuities have mortality and expense charges, account fees, investment management fees, and administrative fees. Surrender charges may be assessed during the early years of the contract if the contract owner surrenders the annuity. Withdrawals of annuity earnings are taxed as ordinary income. Withdrawals prior to age 59½ may be subject to a 10 percent federal income tax penalty.

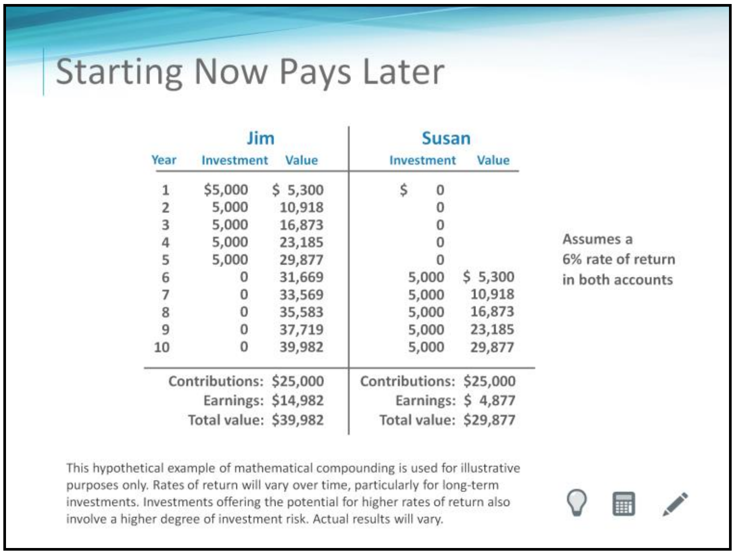
Variable annuities are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the variable annuity contract and the underlying investment options, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Indexed annuities are not appropriate for every investor. Participation rates are set and limited by the insurance company. An 80 percent participation rate means that only 80 percent of the gain experienced by the index for that year would be credited to the contract holder. They also have certain rules, restrictions, and expenses. The guarantees of indexed annuities may cover only a certain percentage of the initial investment. In addition, some insurance companies reserve the right to change participation rates, cap rates, or other fees either annually or at the start of each contract term. These types of changes could affect the investment return. It is possible to lose money when investing in an indexed annuity. It would be prudent to review how the contract handles these issues before deciding whether to invest. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.



This brings us to Myth #4: "Investing is too complicated. I don't have time to think about it right now."

This notion is quickly refuted by one simple truth: "Procrastination can cost money."



Starting to save now can pay off later. Here's a hypothetical example comparing two investors: Jim, who started saving early, and Susan, who procrastinated.

In years 1 through 5, Jim invested $5,000 annually in an account earning a 6 percent rate of return. After he contributed $25,000, he stopped investing but left his funds to continue appreciating.

Susan waited five years, then began investing $5,000 annually in years 6 through 10; her account also earned a 6 percent rate of return.

After 10 years, Jim and Susan each had invested a total of $25,000. But look at the difference in earnings! Because of compounding, Jim earned $14,982, for a total accumulation of $39,982. Susan, on the other hand, earned only $4,877, for a total accumulation of $29,877. That's a difference of nearly 30 percent, just because Jim started early!

This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent the performance of any specific investments. Taxes and investment costs are not considered. Rates of return will vary over time, particularly for long-term investments. Investments offering the potential for higher rates of return also involve a higher degree of investment risk. Actual results will vary.

It may not be wise to put off investing until tomorrow, but you can take steps to make investing easier. Because selecting individual investments can be a complex process that requires specialized knowledge, time, and attention, many people invest in mutual funds and exchange-traded funds (ETFs).

Mutual funds and ETFs are portfolios of securities assembled by an investment company. Their underlying investments are typically selected to track a particular market index, asset class, or sector — or they may follow a specific strategy. Because these funds can hold dozens or hundreds of securities, they could provide greater diversification at a lower cost than you might obtain by investing in individual stocks and bonds. Diversification does not guarantee a profit or protect against loss; it's a method used to help manage investment risk.

In spite of their similarities, there are key differences between these types of pooled investments.

You can invest in mutual funds through investment companies and employer-sponsored retirement plans. Mutual fund shares are typically purchased from and sold back to the investment company, and the price is determined by the net asset value at the end of the trading day.

By contrast, ETFs can be bought and sold throughout the trading day like individual stocks. You must pay a brokerage commission when buying or selling ETF shares. The price at which an ETF trades on an exchange is generally a close approximation to the market value of the underlying securities, but supply and demand may cause ETF shares to trade at a premium or a discount.

However, the ability to buy or sell ETF shares quickly during market hours could encourage investors to trade ETFs more often than might be necessary, or to make emotional trading decisions during bouts of market volatility. ETFs are not widely available to investors who participate in employer-sponsored retirement plans.

The return and principal value of mutual fund and ETF shares fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. You should be aware that bond funds are subject to the same interest-rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

There are a number of reasons why people invest in mutual funds and exchange-traded funds.

First, they offer **convenience**. Periodic statements describe your transactions and the details of your account. You may be able to have any dividends reinvested in additional fund shares. If you invest in a family of mutual funds, you may be able to shift your balances among funds quickly and easily over the telephone or through a website. Moving assets between ETFs requires selling and buying assets separately, and you must pay a brokerage commission whenever you buy or sell an ETF, which could make your costs higher, especially if you trade frequently.

Both mutual funds and ETFs can offer a level of **professional management**. Portfolio managers supply the knowledge and technical expertise for buying, monitoring, and selling securities on a daily basis.

Another very important advantage is **flexibility**. Mutual funds and ETFs enable you to customize your investment portfolio. You can choose from a wide variety of investment styles and objectives to suit your investing profile. You can also adjust quickly to changes in your lifestyle or your market outlook.

Finally, mutual funds and ETFs offer a measure of **diversification**. They can invest across a wide range of securities, industries, or asset classes. This may help reduce investment risk and enhance long-term return potential. Of course, you should be aware that diversification does not guarantee a profit or protect against loss; it is a method used to help manage investment risk.

The investment return and principal value of mutual fund and ETF shares fluctuate with changes in market conditions. When redeemed, shares may be worth more or less than their original cost.

Mutual funds and exchange-traded funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

There are many different types of mutual funds and/or exchange-traded funds, each catering to a different group of investors and their common goals.

Money market funds are mutual funds that invest in short-term debt investments such as commercial paper, CDs, and Treasury bills. *Money market funds are neither insured nor guaranteed by the FDIC or any other government agency. Although a money market fund attempts to maintain a stable $1 share price, you can lose money by investing in such a fund*.

Municipal bond funds generally offer income that is free of federal income tax, and income may be free of state income tax if the bonds in the fund were issued from your state. *Although interest income from municipal bond funds and some money market funds may be tax exempt, any capital gains are subject to tax. Also, income for some investors may be subject to state and local taxes and the federal alternative minimum tax.*

Income funds concentrate their portfolios on bonds, Treasury securities, and other income-oriented securities, and may also include stocks that have a history of paying high dividends. *Bond funds are subject to the interest-rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.*

Predictably, **balanced funds** and **growth and income funds** seek the middle ground between growth funds and income funds. They include a mix of stocks and bonds and seek to combine moderate growth potential with modest income.

Growth funds invest in the stock of companies with a high potential for appreciation but very low income. They are more volatile than many types of funds.

International funds invest in foreign stock and bond markets, sometimes in specific countries. **Global funds** invest in a combination of domestic and foreign securities. There are increased risks associated with international investing, including differences in financial reporting, currency exchange risk, economic and political risk unique to a specific country, and greater share price volatility.

Sector funds invest almost exclusively in a particular industry or sector of the economy. Although they offer greater appreciation potential, the risk level is also higher.

Aggressive growth funds aim for maximum growth. They typically distribute little income, have very high growth potential, tend to be more volatile, and are considered to be very high risk.

Investments seeking to achieve higher returns also carry an increased level of risk. Mutual fund and ETF shares, when sold, may be worth more or less than their original cost.

BONUS FEATURE

(Click the light bulb icon to view the 20-year historical performance for various types of mutual funds.)

Another strategy people use to help simplify investing is known as dollar-cost averaging.

Dollar-cost averaging involves investing a set amount of money at regular intervals on an ongoing basis in order to accumulate funds over time. Here's how it works.

An individual invests a specific amount of money in a mutual fund or the stock market at regular intervals — say $100 each month. That $100 automatically buys more shares when prices are low and fewer shares when prices rise, resulting in an overall lower cost per share over time.

Let's take a closer look.

Dollar-Cost Averaging

	Regular Investment	Market Price/Share	Shares Acquired
Month 1	$100	$ 6.00	16.7
Month 2	$100	3.00	33.3
Month 3	$100	4.00	25.0
Month 4	$100	8.00	12.5
Month 5	$100	5.00	20.0
Total	$500	$26.00	107.5

Average price per share: $5.20 ($26 ÷ 5)
Average cost per share: $4.65 ($500 ÷ 107.5)

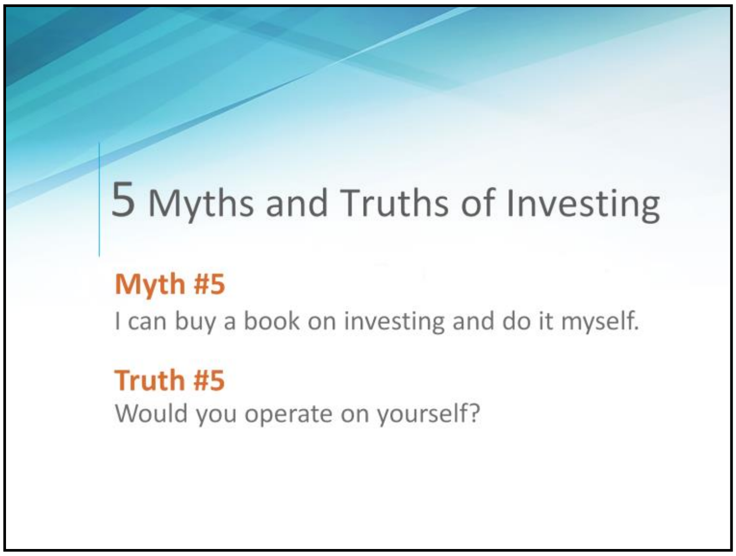
This hypothetical example is used for illustrative purposes only.
Actual results will vary.

In this hypothetical example, an investor uses dollar-cost averaging to invest $100 per month in a mutual fund with fluctuating share prices. At the end of five months, she has 107.5 shares. As you can see, the average price per share during the period was $5.20, but because the investor purchased more shares when prices were low, she paid an average of $4.65 per share.

Dollar-cost averaging can help investors take advantage of stock market fluctuations without the stress and risk of trying to time the markets. It is also a good way to steadily accumulate shares to help meet long-term goals.

Although dollar-cost averaging can be a useful strategy, it does not ensure a profit or prevent a loss. To take full advantage of the benefits of this strategy, an investor must be financially able to continue making purchases through periods of high and low price levels.

This hypothetical example is used for illustrative purposes only. Actual results will vary.



The fifth and final myth may be the most risky: “I can buy a book on investing and do it myself.”

That’s what many popular investment institutions and financial gurus would have you believe. But before you head off to the bookstore, ask yourself one question: “Would you operate on yourself?”

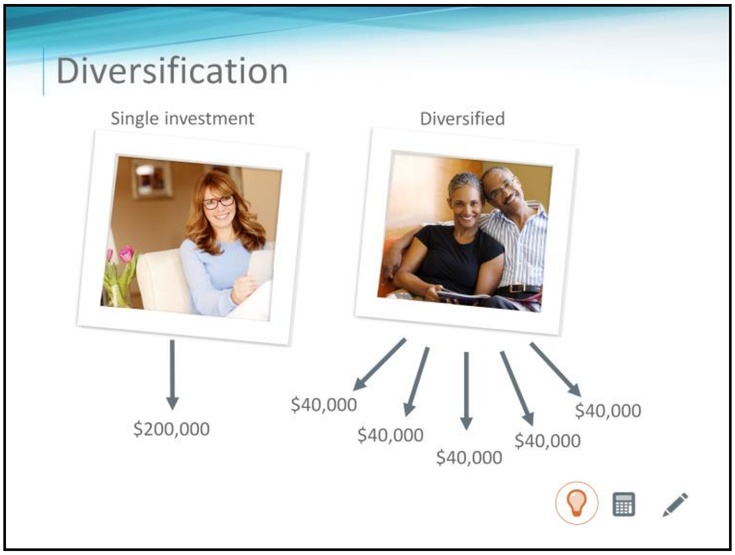
Of course, it’s always a good idea to learn as much as you can about investing. But for some things, a little professional guidance can go a long way.

First let's look at a couple of proven investment strategies that might best be implemented with the benefit of professional guidance: diversification and asset allocation.

Diversification is a basic principle of successful investing. It involves investing in a variety of investments and asset classes in an attempt to limit exposure to losses in any one sector of the market.

Different types of investments may react to changing market conditions in different ways. For example, an unfavorable news story may push stock prices lower, while bond values rise, or vice versa. When you divide your money among various investments, gains in one area can help compensate for losses in another.

Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against loss.



Let’s look at a simple example to see how diversification might work. This example shows two $200,000 portfolios. One portfolio relies on a single type of investment. The other portfolio is split equally into five different investment categories, each with a different potential for return and accompanying risk.

If the single investment in the first portfolio becomes volatile, the value of the portfolio may fluctuate widely. The diversified portfolio, on the other hand, may be able to take advantage of potential rallies with some of the investments. And in the event that any one investment suffers a downturn, only a portion of this portfolio would be vulnerable.

Does everyone see how this works?

Although any level of diversification can help protect a portfolio, novice investors may not know which types of investments are most likely to react differently when market volatility occurs. An experienced financial professional may be able to suggest a mix of investments that can greatly enhance the benefits of diversification.

Remember that this hypothetical example is used for illustrative purposes only. Actual results will vary. Diversification does not guarantee a profit or protect against loss; it is a method used to help manage investment risk.

BONUS FEATURE

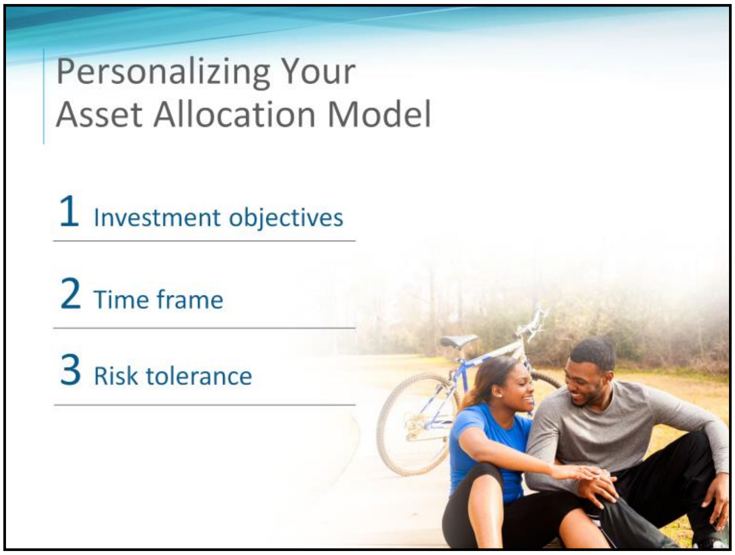
(Click the light bulb icon to show how these two portfolios might fare over time.)

Asset allocation is a systematic approach to diversification that determines an efficient mix of assets for a given investor, based on his or her individual needs.

This fundamental strategy involves strategically dividing a portfolio into different asset categories — typically, stocks, bonds, and cash alternatives — to seek the highest potential return for an investor's risk profile. It utilizes sophisticated statistical analysis to determine how different asset classes perform in relation to one another, and its goal is to achieve an appropriate balance of security and growth potential.

In and of itself, asset allocation is easy. In fact, whether you know it or not, your assets have been allocated — perhaps in a single stock, in a savings account, in a mixed portfolio, or under the mattress. However, finding an appropriate mix of investments for an individual's risk profile, financial needs, and time frame is more difficult. It may require careful calculations and the benefit of professional guidance.

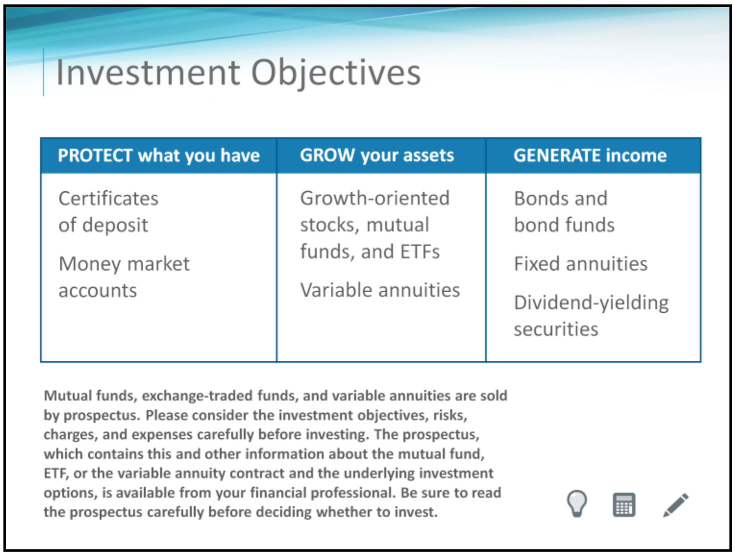
Asset allocation does not guarantee a profit or protect against investment loss; it is a method used to help manage investment risk.



Let’s take a quick look at what is entailed in personalizing your asset allocation model.

It means taking into account three things: your investment objectives, your time frame, and your risk tolerance.

Let’s look at each of these issues in more detail.



The first step in personalizing your asset allocation model is to establish your investment objectives.

What are you trying to achieve by investing?

Are you satisfied with what you have and concerned about protecting the current value of your portfolio?

Would you like to see your assets continue to grow, even if it means taking on additional risk?

Or are you more interested in generating a steady income that will continue no matter what happens to the markets?

Your answers to these questions will help determine the appropriate mix of assets for your investment portfolio. For example, certificates of deposit (CDs) and money market funds are generally considered to be relatively “safe” investments, whereas stocks, certain mutual funds and exchange-traded funds, and variable annuities allow investors to pursue growth — with an accompanying degree of risk.

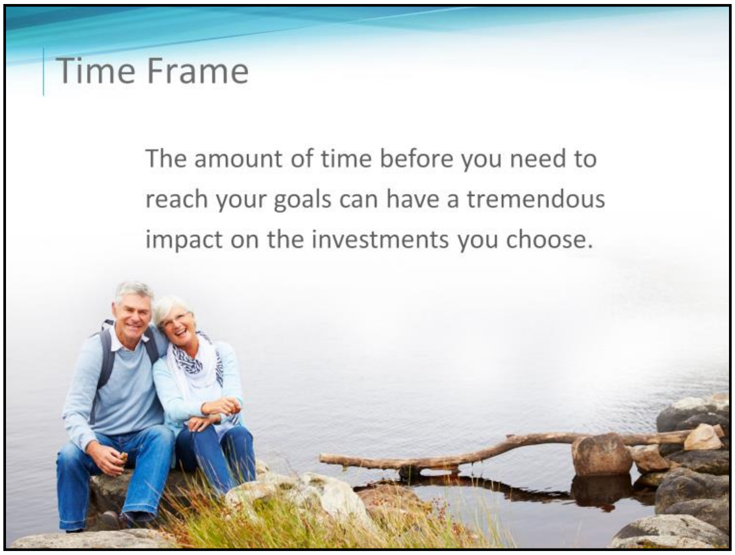
Bonds and fixed annuities can help generate a steady stream of income that is attractive to many retired investors. Bonds come with a number of different interest rates, maturities, and levels of risk. Bond funds are subject to the interest-rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect the fund’s performance. Fixed annuities offer a guaranteed source of regular income for a fixed term or for the rest of your life. Dividend-yielding securities are another alternative, although they typically involve more risk. It’s important to understand that dividends are paid at the discretion of a company’s board of directors. Though dividends can increase, there is no guarantee that a dividend will not be reduced or eliminated.

The FDIC insures CDs, which generally provide a fixed rate of return, up to $250,000 per depositor, per federally insured institution. *Money market funds are neither insured nor guaranteed by the FDIC or any other government agency. Although these funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in a money market fund.*

Withdrawals of annuity earnings are taxed as ordinary income and may be subject to a 10 percent federal income tax penalty if made prior to age 59½. Surrender charges may also apply during the contract’s early years. Generally, annuities contain mortality and expense charges, account fees, investment management fees, and administrative fees. The guarantees of annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company.

Keep in mind that the investment return and principal value of stocks, mutual funds, ETFs, bonds, and variable annuities will fluctuate so that an investor’s shares, when sold, may be worth more or less than their original cost.

Mutual funds, exchange-traded funds, and variable annuities are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the mutual fund, ETF, or the variable annuity contract and the underlying investment options, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

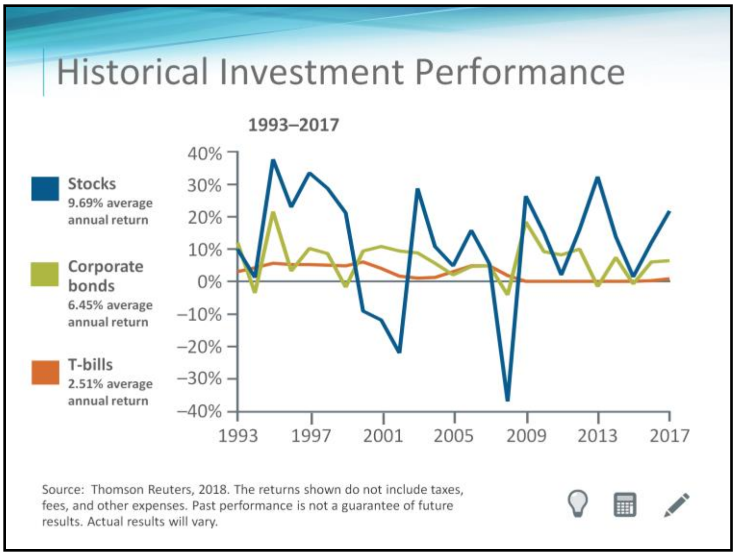


The second step in personalizing your asset allocation model is identifying your time frame.

The amount of time you have before you need to reach your goal can have a tremendous impact on the investment categories you choose. That's because fluctuations in the financial markets can affect the short-term value of certain types of investments.

For example, if you are saving for retirement but don't expect to retire for another 20 years, you may be able to invest more aggressively because your portfolio would have more time to recover from short-term market fluctuations.

On the other hand, if you are investing for a child's college education that is just around the corner, you might want to invest more conservatively to help shelter your portfolio from potential losses.



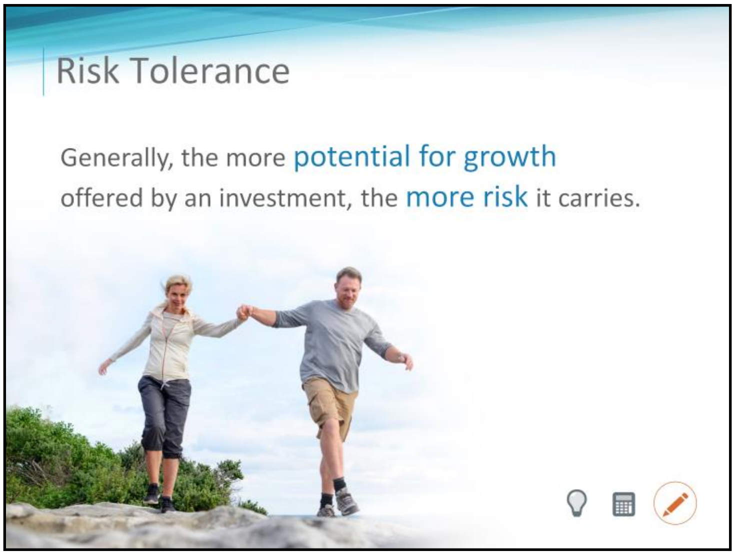
Earlier, we looked at the performance of stocks and various bonds over a 20-year period. This graph shows the volatility and historical performance of stocks, corporate bonds, and T-bills over 25 years. Of course, keep in mind that past performance is no guarantee of future results.

Of the three types of investments shown, stocks performed the best over time. However, the performance of stocks can be unpredictable. Because of the characteristic volatility of stocks, most experts suggest investing in them only when you have at least 5 to 10 years before you'll need the money.

Historically, corporate bonds have not performed as well as stocks over time, but they are typically less volatile. On the other hand, Treasury bills and other cash alternatives almost always produce positive returns, but their potential for growth — and keeping pace with inflation — is much lower.

So, as you can see, the investment classes that have performed the best have also fluctuated the most widely from year to year. It is a powerful reminder of why it is important to keep your time frame in mind when developing your asset allocation model.

Source: Thomson Reuters, 2018, for the period January 1, 1993, to December 31, 2017. Stocks are represented by the Standard & Poor's 500 composite total return. The S&P 500 is an unmanaged index that is generally considered representative of the U.S. stock market. Corporate bonds are represented by the Citigroup Corporate Bond Composite Index, which is generally considered representative of the U.S. corporate bond market. T-bills are represented by the Citigroup Three-Month Treasury Bill Index, which is generally considered representative of short-term cash alternatives. T-bills are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The returns shown do not reflect taxes, fees, brokerage commissions, or other expenses typically associated with investing. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Actual results will vary.



The third step in personalizing your asset allocation model is identifying your risk tolerance.

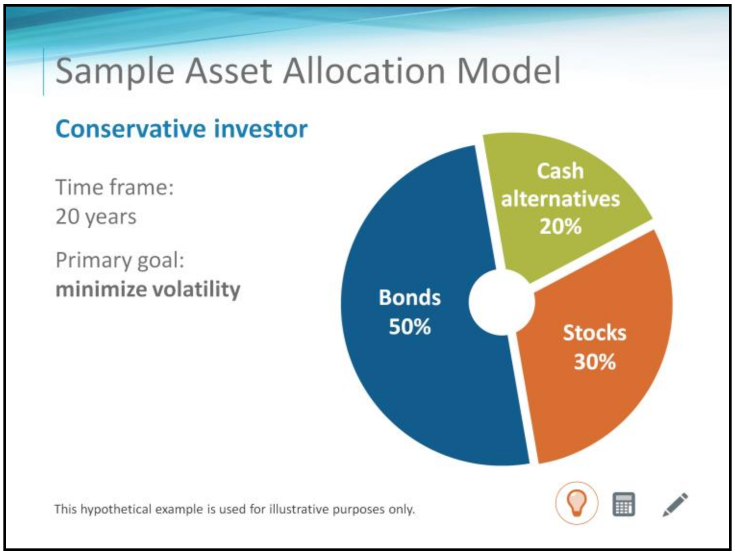
This means evaluating how much risk you are willing to take to reach your financial goals. It includes the ability to watch the value of your investments fluctuate without becoming queasy.

Generally, the more potential for growth offered by an investment, the more risk it carries.

Market performance during different bear market and bull market periods has tested many investors' risk tolerance and driven home the fact that risk tolerance is an essential consideration of a sound investment strategy.

BONUS FEATURE

(Click the workbook icon if you want participants to take a risk tolerance quiz.)



This sample asset allocation model might be appropriate for a conservative investor.

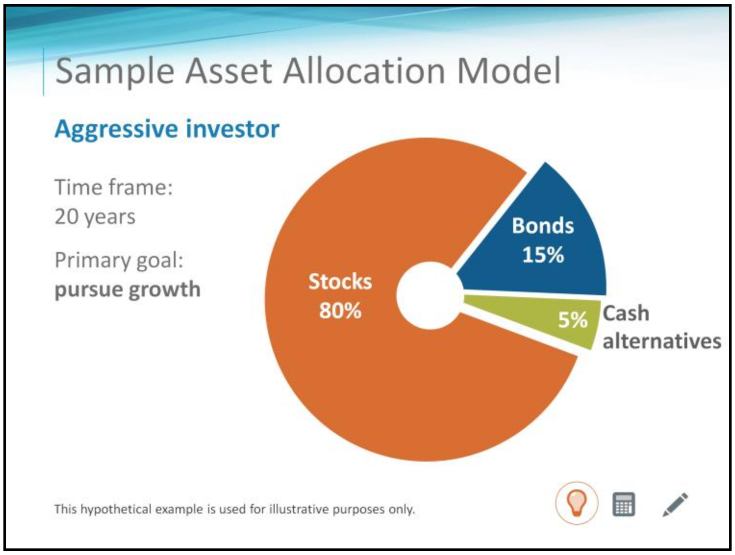
This investor has a time frame of about 20 years. His primary concern is to manage the upward and downward swings in his portfolio. He needs an appropriate mix of investment categories for such a time frame.

An appropriate portfolio for a conservative investor might look like this: 50 percent in bonds, 30 percent in stocks, and 20 percent in cash alternatives. These investment categories would be somewhat volatile over the years. But because this investor has a fairly long time frame, this mix of investments could give him an adequate potential return for the risk he is willing to take.

This hypothetical example is used for illustrative purposes only. Actual results will vary.

BONUS FEATURE

(Click the light bulb icon to view the best and worst years for a conservative allocation model over the last 20 years.)



This sample asset allocation model might be more appropriate for an aggressive investor.

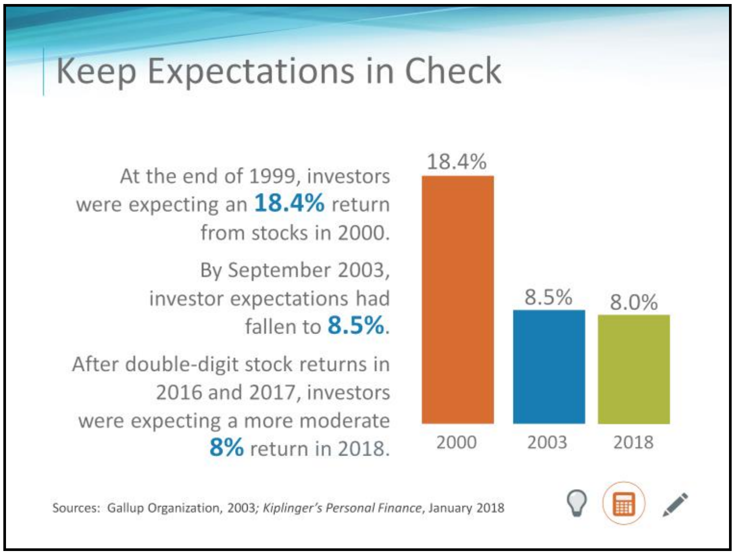
An aggressive investor is willing to take on more risk and to accept more volatility in exchange for higher growth potential. She has the same 20-year time frame as the conservative investor. But because she is more comfortable with risk, her investment allocation looks different even though the time frame is the same. An appropriate investment mix for an aggressive investor might be only 5 percent in cash alternatives, 15 percent in bonds, and 80 percent in growth-oriented stocks.

The individual investments in the portfolio would have more volatility, but over this time horizon, this investor hopes that a more aggressive mix will ultimately yield a higher overall potential return than the conservative investor's portfolio.

Keep in mind that this hypothetical example is used for illustrative purposes only. Actual results will vary. Investments offering the potential for higher rates of return also involve a higher degree of risk of principal.

BONUS FEATURE

(Click the light bulb icon to view the best and worst years for an aggressive allocation model over the last 20 years.)



An investment professional can help you keep your expectations in check and thus avoid disappointments.

Here are some investor expectations during different economic periods.

Investors polled at the end of 1999, just before the bull market hit its peak, were expecting an 18.4 percent return from stocks in 2000.[1]

By September 2003, after the economy had fallen into recession and the markets had suffered a prolonged downturn, investor expectations had fallen to 8.5 percent.[2]

As the market started to rebound in 2009, following the Great Recession, investors were more optimistic that the market would continue rising. After double-digit performance years for stocks in 2013 (32.4%) and 2014 (13.7%), followed by a relatively flat year in 2015 (1.38%) and a return to double-digit returns in 2016 (12%) and 2017 (21.8%), investors were expecting a moderate 8 percent return in 2018.[3–4]

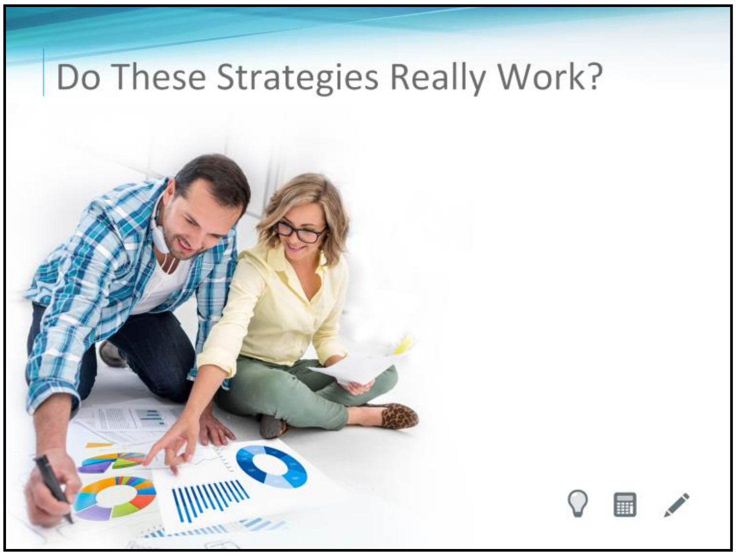
Because your financial strategy depends on the return you expect from your investments, it is important to be realistic about the return your portfolio will yield from one year to the next. It is unrealistic to think that the markets will perform the same way every year. Inflated expectations may cause you to overspend or fall short of your goals. A more conservative outlook may encourage you to save more and, if you're fortunate, possibly even reach your goals earlier than expected.

Sources: 1–2) Gallup Organization, 2003; 3) Thomson Reuters, 2018 (S&P 500 Composite Index total return, 2013–2016); 4) *Kiplinger's Personal Finance,* January 2018

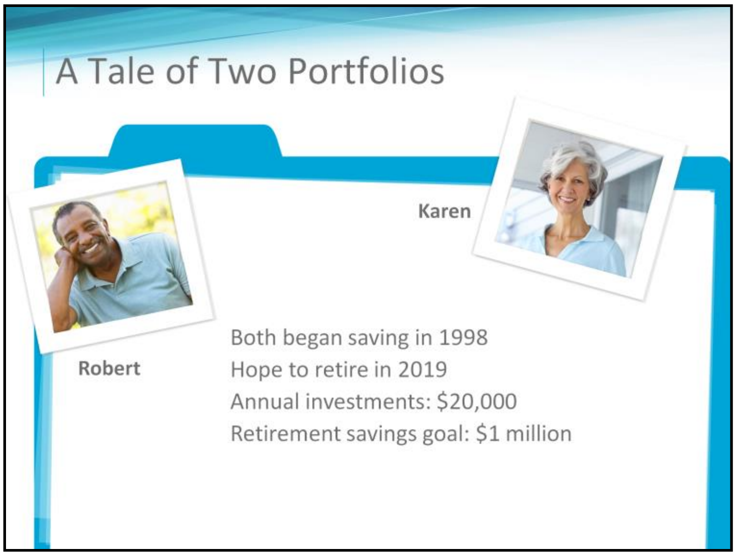
The performance of an unmanaged index is not indicative of any specific investment. Investors cannot invest directly in an unmanaged index. Past performance is no guarantee of future results. Actual results will vary.

BONUS FEATURE

(Click the calculator icon to show how inflated expectations can cause investors to overestimate their potential earnings.)



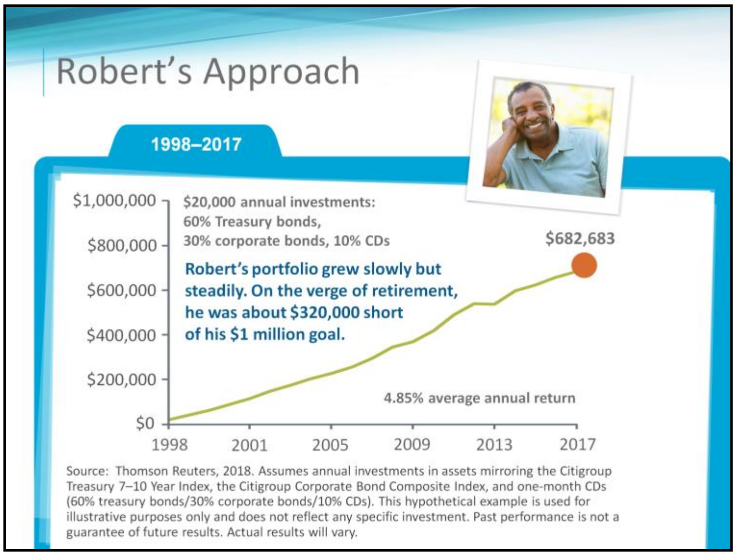
You may be asking yourself, “Do these strategies really work?” Let’s look at a hypothetical case study that applies diversification and asset allocation to a real-world example.



Let me tell you a tale of two portfolios and the individuals who planned on them to fund their future retirements.

Robert and Karen began investing for retirement in 1998 and planned to retire in 2019. Both saved $20,000 a year and wanted to accumulate $1 million to retire comfortably.

Although these examples are purely hypothetical, they illustrate how managing an investment portfolio can play a major role in determining the kind of retirement an individual can expect.

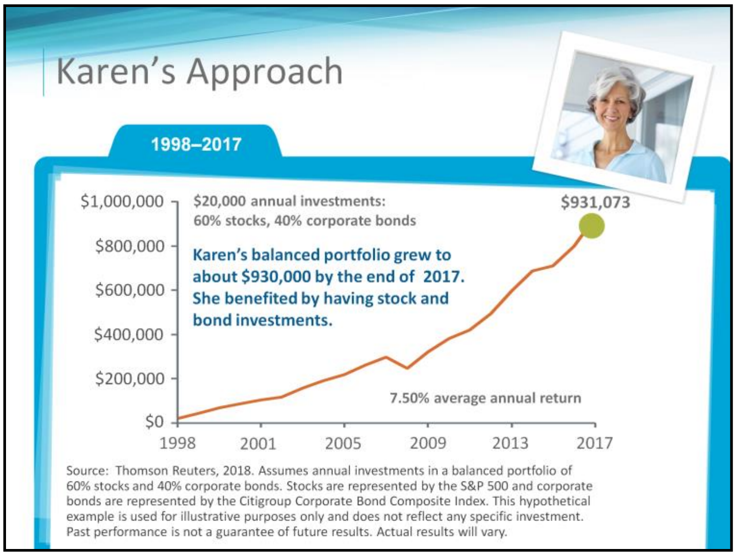


Robert had always believed that the stock market was a place for gamblers, and he didn't like the idea of putting his hard-earned money at risk. As a result, Robert decided to take a relatively "safe" approach and invested 60 percent of his money in Treasury bonds, 30 percent in corporate bonds, and 10 percent in one-month CDs.

Through the years, Robert's portfolio grew slowly but steadily, suffering only one year of loss. At the end of 2017, on the verge of retirement, Robert was about $320,000 short of his goal to have $1 million to retire comfortably.

Source: Thomson Reuters, 2018, for the period January 1, 1998, to December 31, 2017. This hypothetical example is used for illustrative purposes only and does not represent any specific investment. Treasury bonds are represented by the Citigroup Treasury 7–10 Year Index. Corporate bonds are represented by the Citigroup Corporate Bond Composite Index. The performance of an index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not indicative of future results. Actual results will vary.

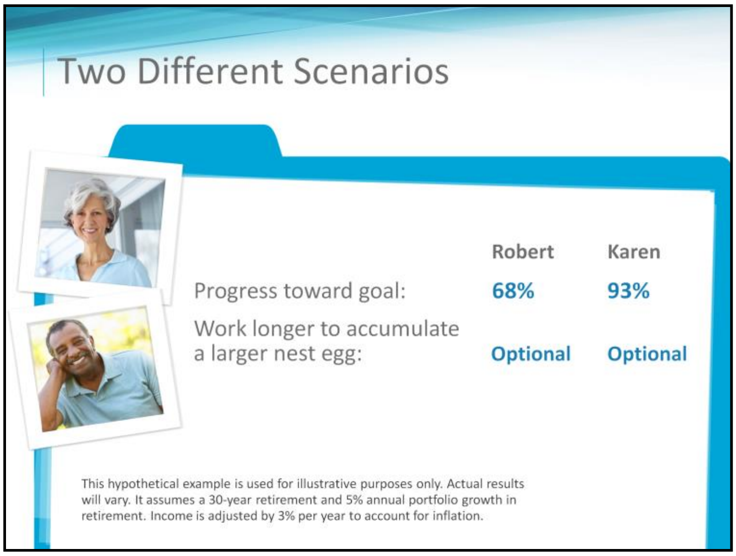
Treasury bonds are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The FDIC currently insures CDs for up to $250,000 (per depositor, per institution) at FDIC institutions. CDs generally provide a fixed rate of return.



Karen's approach to pursue her $1 million retirement goal included investing in more growth-oriented investments. Based on her 20-year investment time frame and her personal risk tolerance, she invested $20,000 a year in a balanced portfolio comprising 60 percent stocks and 40 percent corporate bonds. She also rebalanced her portfolio on an annual basis.

Despite volatility in the markets, Karen stuck to her plan. By the end of 2017, she was about $70,000 short of her $1 million goal.

Source: Thomson Reuters, 2018, for the period January 1, 1998, to December 31, 2017. This hypothetical example is used for illustrative purposes only and does not represent any specific investment. Stocks are represented by the Standard & Poor's 500 composite total return. The S&P 500 is an unmanaged index that is generally considered representative of the U.S. stock market. Corporate bonds are represented by the Citigroup Corporate Bond Composite Index, which is generally considered representative of the U.S. corporate bond market. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Rates of return will vary over time, particularly for long-term investments. Actual results will vary.



What can we learn from these two scenarios? Not only is investing unpredictable, but it may take more than 20 years to accumulate enough money to enjoy a comfortable retirement. Remember, too, that market events can deal investors a bad hand.

Robert's conservative approach enabled him to earn a small but steady return and avoid significant losses during market downturns. However, he was significantly short of his goal. Over this period, his portfolio earned a 4.85 percent average annual return. This illustrates that many investors may want to consider allocating a portion of their portfolios to growth-oriented investments that have the potential to earn higher returns in order to meet their retirement goals.

Although Karen was unnerved by the volatility of stocks (especially in 2001, 2002, 2008, 2011, and 2015), she maintained her balanced asset allocation. This approach helped smooth out the effects of extreme market ups and downs. Her portfolio earned a 7.50 percent average annual return over this 20-year period, and she was able to accumulate about $250,000 more than Robert.

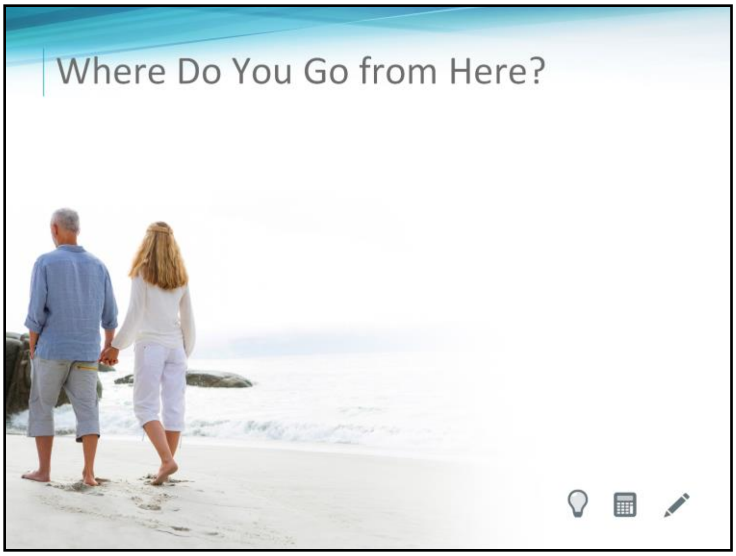
Both Robert and Karen now need to decide whether to retire on schedule and live on a reduced retirement income, or to work longer to accumulate a larger nest egg.

Many people today are in a similar situation, or worse. The market turmoil in 2008 and early 2009 took a heavy toll on the nest eggs of Americans, and many investors reduced their exposure to equities, even though conditions later improved. As a result, they may not have participated fully in the market upswing.

The strategies in this presentation can help you focus on your investment goals. If you need help to get on track, you may want to consider meeting with us to consider your options. Working with a financial professional does not guarantee superior results. But a financial professional can provide education and make suggestions that you might find helpful when weighing specific financial opportunities.

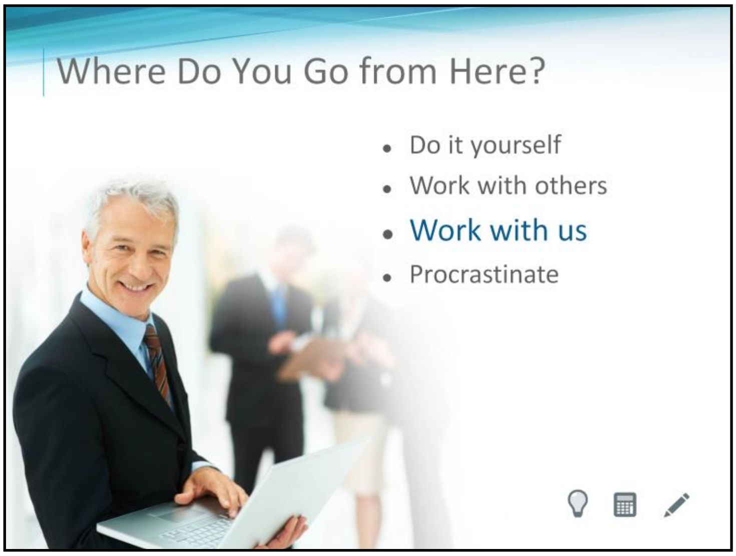
We’ve spent about an hour discussing the five myths of investing and the truths associated with each one.

Hopefully, we’ve given you the chance to reflect on your own financial situation, your investment goals, and your progress toward reaching them.



We’ve covered a lot of information. We’re confident that we have given you some instruction and insight that will help you improve your financial situation.

So, where do you go from here?



There are several ways you can proceed from here.

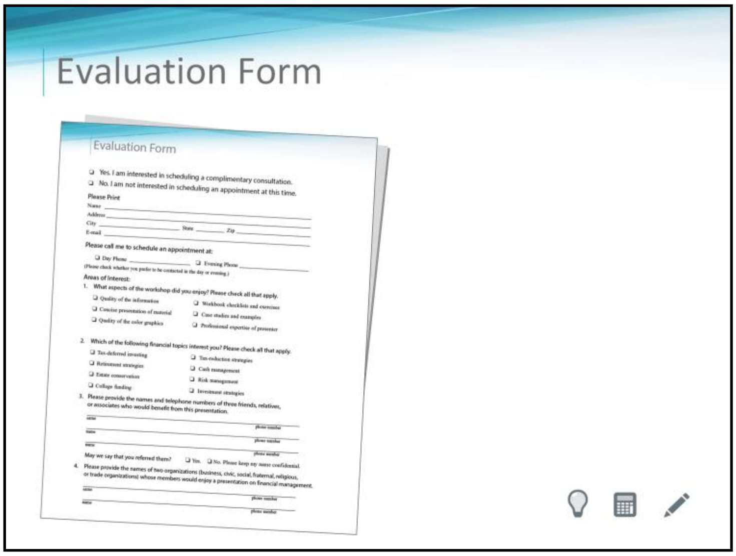
You can do it yourself. You can dig through prospectuses and interview investment managers and gradually assemble a portfolio that may meet your needs. It's a tremendous amount of work, but you *could* do it.

You can work with others. Perhaps you have contacts who can help you accomplish some of your financial goals.

You could work with us. We hope you feel comfortable with what you've learned about our professional knowledge and the approach we take with our clients.

Finally, you can procrastinate. Given the nature of the markets, procrastination is *not* a prudent move.

Of course, we hope you'll decide to work with us, and we hope you'll come to the complimentary consultation. We don't expect you to make any decisions now, nor do we expect you to decide when you come in to our office. We want you to decide only when you're ready. As you get to know us better, we feel confident that you'll want to work with us. But again, the choice is up to you.

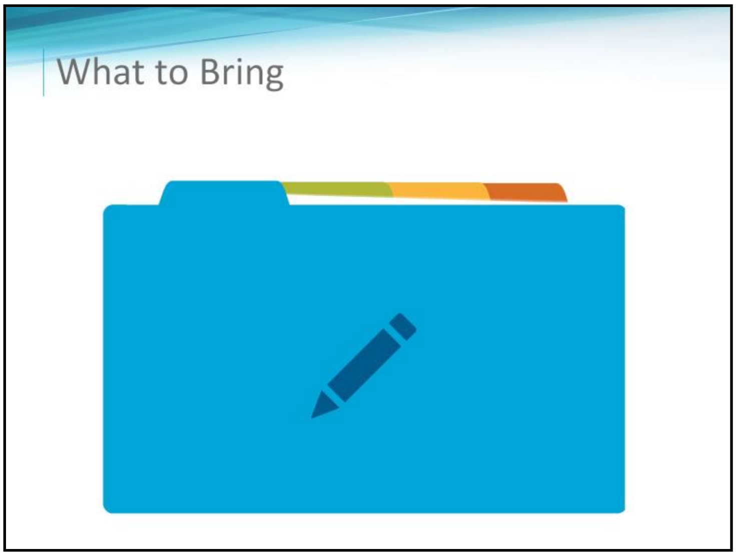


Will everyone please pull out the evaluation form I talked about earlier?

I'd like you to fill out the form now and turn it in. The evaluation form is your way of commenting on the workshop. It also lets us know whether you'd like a personal meeting to discuss any of the ideas you've learned here. Because many of the people who attend our workshops come in for a complimentary consultation, we've blocked out several days next week to meet with you, answer your questions, and address your specific concerns.

(Look around the room to be certain everyone is filling out an evaluation form. If some are not, take a step forward and ask for everyone to fill out an evaluation form. If some participants still do not take out their forms, have extra forms available to hand out to them.)

Remember my two promises. If you check "Yes, I am interested in scheduling a complimentary consultation," I'll call you tomorrow to set up an appointment. If you check "No, I am not interested in scheduling an appointment at this time," no one from our office will contact you directly after the workshop. I'll be collecting the evaluation forms as you leave today.



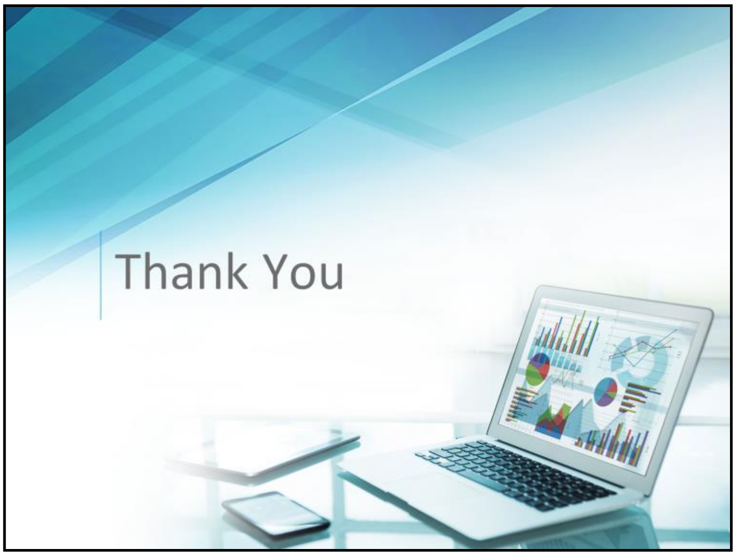
In addition to your workshop workbook, there are several important items you should bring to the complimentary consultation. On the back of your workbook, you'll find a place to write these down.

(Note: Mention the important financial forms and documents that you would like participants to bring to the consultation. Among others, you may want to include:

- *Personal balance sheet*
- *Personal income statement*
- *Recent bank/brokerage statements*
- *Income tax returns — past three years*
- *Life insurance policies*
- *Annuity contracts*
- *Retirement plan account statements.)*

Also, on pages 18 and 19 of the workbook, you'll find worksheets designed to gather pertinent financial information about you. Please go ahead and fill this out at home. Then during our consultation, we'll review this data accordingly.

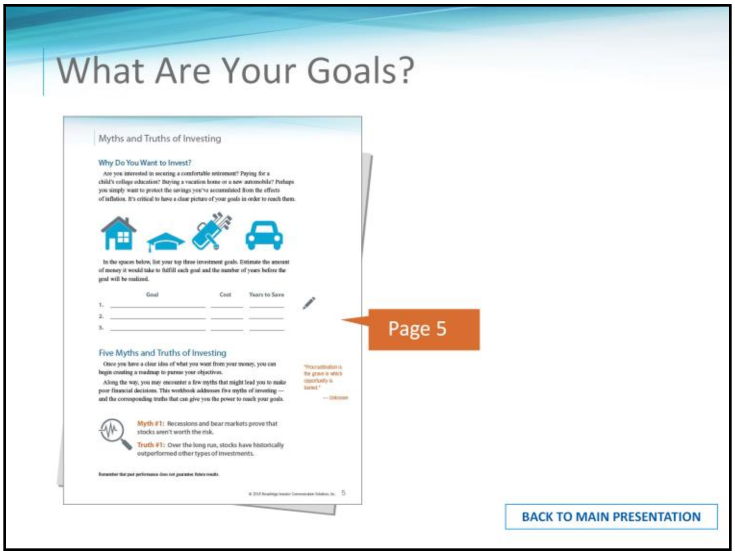
Of course, if you can't find some of these documents or don't finish the worksheets, please come anyway. We are looking forward to meeting with you either way.



Thank you for coming to our workshop. We want to compliment everyone on the initiative you've shown in wanting to improve your financial situation.

Before you leave, I'd like to shake hands with you and collect your evaluation forms.

Thank you again.



What are *your* goals?

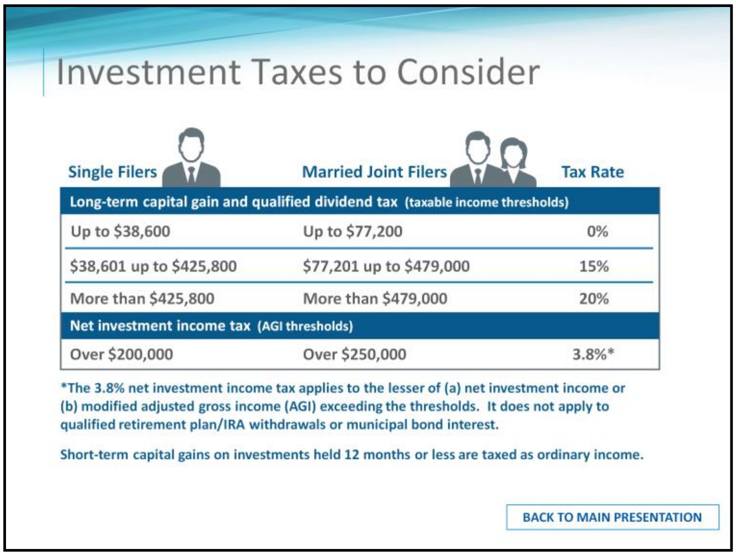
Whatever you hope to achieve by investing, it's critical to have a clear picture of your goals so you can develop an appropriate strategy for reaching them.

Please turn to page 5 in your workbook.

(Pause to give workshop participants sufficient time to locate the appropriate page.)

In the spaces provided, take a moment to list your top three financial goals. Estimate the amount of money it would take to fulfill each goal and the number of years before the goal will be realized.

This exercise may be a first step in helping you determine the appropriate mix of assets for your portfolio. It will also help me understand your investment needs when we meet for the complimentary consultation.



When you invest in stocks, you should be aware of investment taxes. The tax code treats **long-term capital gains** and **qualified dividends** more favorably than ordinary income (such as wages or interest from bonds and savings accounts).

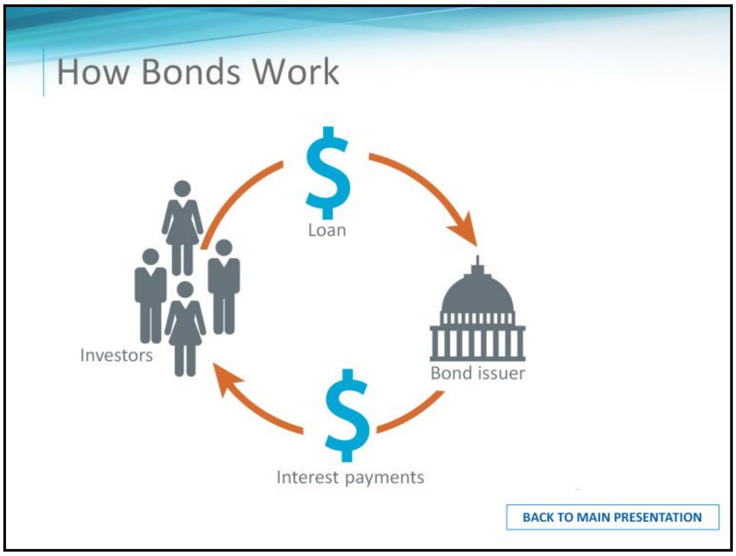
Long-term capital gains are profits realized from the sale of investments that are held for more than 12 months. Qualified dividends are those paid to shareholders from a domestic corporation or a qualified foreign corporation.

Long-term capital gains and qualified dividends are taxed at 15 percent for single filers whose taxable incomes range from $38,601 up to $425,800, and for married joint filers whose taxable incomes range from $77,201 up to $479,000. Lower-income filers pay zero tax on long-term capital gains and dividends. Higher-income taxpayers — single filers whose taxable incomes exceed $425,800 and married joint filers whose taxable incomes exceed $479,000 — pay 20 percent.

Generally, dividends on stocks that are held for at least 61 days within a specified 121-day period are considered qualified for tax purposes. Distributions from mutual funds held in taxable accounts are also taxable to shareholders — as long-term and/or short-term capital gains, dividends, or interest — for the year in which they are received, even if the distribution is reinvested in new shares. Investors also trigger capital gains taxes when they sell stocks and mutual fund shares for a profit.

Nonqualified dividends and short-term capital gains (profits on investments held for 12 months or less) are taxed as ordinary income.

In addition, some high-income taxpayers may be subject to the 3.8 percent **unearned income tax on net investment income** — capital gains, dividends, interest, royalties, rents, and passive income — if their modified adjusted gross incomes (AGIs) exceed the $200,000 threshold for single filers and the $250,000 threshold for joint filers. The 3.8 percent net investment income tax applies to the lesser of (a) net investment income or (b) AGI exceeding the thresholds. It does not apply to withdrawals from IRAs and qualified retirement plans, nor does it apply to municipal bond interest.



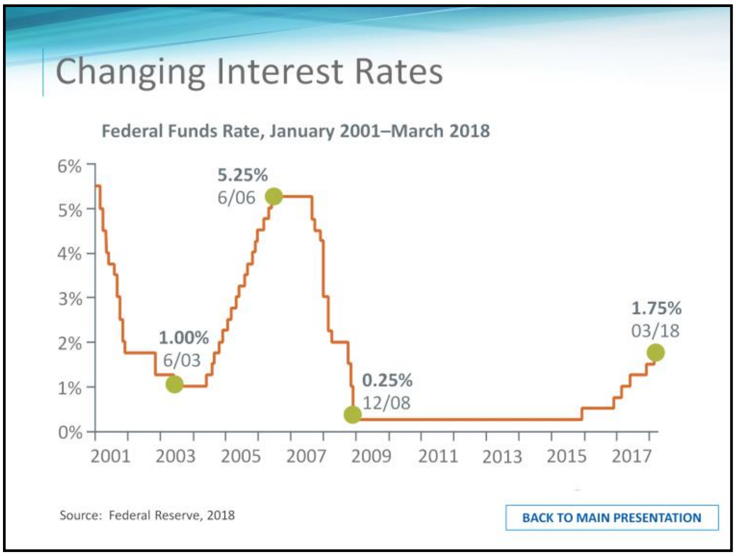
Before we go much further, let's look at how bonds work.

When you buy a bond, you are lending money to the U.S. government, a municipality, or a corporation, which agrees to pay you interest in exchange for the loan.

The company or government agency issuing a bond will generally outline how much money it would like to borrow, for what length of time, and the interest it is willing to pay. As with most loans, the borrower pays interest to the lender during the length of the loan. At the end of the loan (when the bond matures), the borrower repays the lender his or her principal in full.

Unlike stock dividends, which may change along with company profit levels, the interest payments on a bond are usually fixed. This steady income is the main attraction bonds hold for most investors. When you invest in a bond, you can expect to receive regular, fixed income for as long as you hold the bond — unless the issuer defaults.

The principal value of bonds may fluctuate due to market conditions. If redeemed prior to maturity, bonds may be worth more or less than their original cost.



Changes in interest rates have had an impact on the value of bonds over the past 17 years. This graph plots the federal funds target rate from January 2001 through March 2018.

(Note to presenter: If interest rates have changed, be sure to discuss this with the workshop participants.)

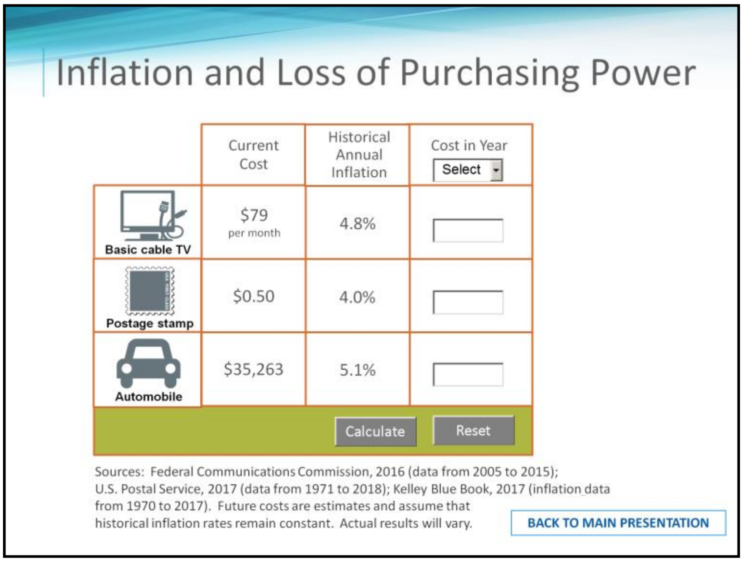
The Federal Reserve lowered the federal funds rate 11 times in 2001, once in 2002, and once in 2003. As a result, bonds purchased in 2000 became increasingly valuable on the open market as the going rate for new bonds fell.

The federal funds rate remained at that historically low 1.00 percent level until June 2004, when the Fed raised the target rate to 1.25 percent — the first increase in four years.

After that time, rates increased steadily, reaching as high as 5.25 percent in June 2006. Rates remained at that level until September 2007, then fell to 0.25 percent by December 2008 after a series of rate cuts (seven of which occurred in 2008) and remained at that level until December 2015, when the Fed raised the rate to 0.50 percent. The Fed raised the rate to 0.75 percent in December 2016 and again three times in 2017, reaching 1.50 percent in December. With new Federal Reserve chair Jerome Powell at the helm, the Fed raised the federal funds rate at its March 2018 meeting to 1.75 percent.

Bond investors will want to watch the Federal Reserve closely for clues as to how future fluctuations might affect their portfolios.

Source: Federal Reserve, 2018



In a very real sense, inflation is the loss of purchasing power. So regardless of how quickly your investments are growing, they're always losing ground to inflation.

Let's take a look at three common items and what they might cost in future years, assuming that historical inflation rates remain constant.

(Note to presenter: Select a year from the pull-down menu in the right column, then click "Calculate" and the numbers will populate. Discuss the results. Click "Reset" to clear the numbers. You might mention that postal rate increases typically don't occur every year.)

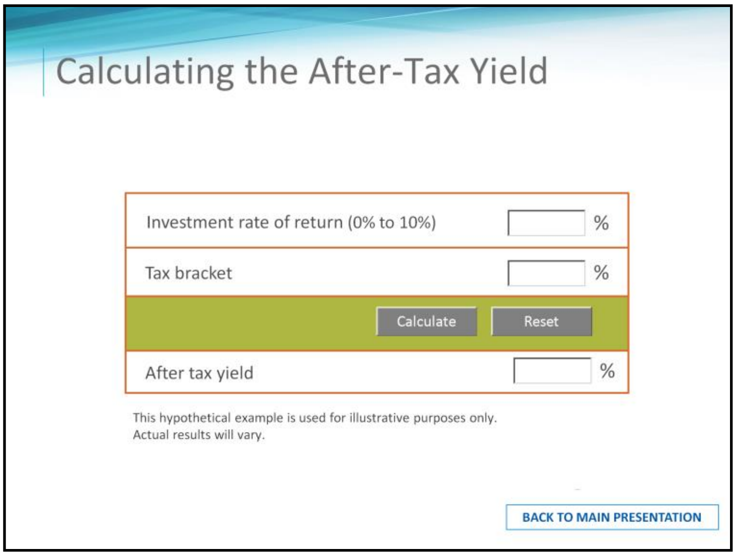
The difference is pretty remarkable, isn't it? In financial terms, it means a loss of purchasing power.

If inflation were to remain constant at a rate of 4 percent, the purchasing power of your money would be cut in half in about 18 years.

The moral of this story is that even if you put all your savings under your mattress to keep it safe, inflation would eat away at it just the same.

Sources: Federal Communications Commission, 2016 (inflation rate from 2005 to 2015); U.S. Postal Service, 2017 (inflation rate from 1971 to 2018); Kelley Blue Book, 2017 (inflation rate from 1970 to 2017).

Future costs are estimates and assume that historical inflation rates remain constant. Actual results will vary.



Taxes take an even bigger chunk of total returns for those in higher tax brackets.

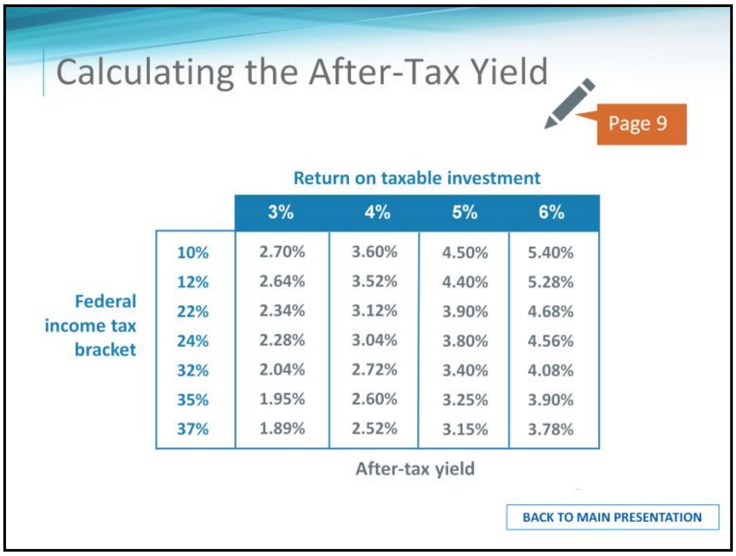
For example, let's find out what an investment with an 8 percent taxable return would yield after taxes for someone in the 32 percent federal income tax bracket.

(Note to presenter: Fill in a percentage for investment rate of return, from 0 percent to 10 percent, and a percentage for the tax bracket for the example. Click "Calculate" to perform the calculation.)

A taxable investment with an **8 percent** return for an investor in the **32 percent** tax bracket would yield only **5.44 percent** after taxes. That's more than a 2.5 percent difference!

(Note to presenter: To make additional calculations, select "Reset" and type in any two values, then click "Calculate" to perform the calculation.)

This example is purely hypothetical and is used for illustrative purposes only. Its performance is not indicative of any particular investment. Rates of return will vary over time, particularly for long-term investments. Actual results will vary.



To calculate the after-tax yield for your own investments, turn to page 9 in your workbook.

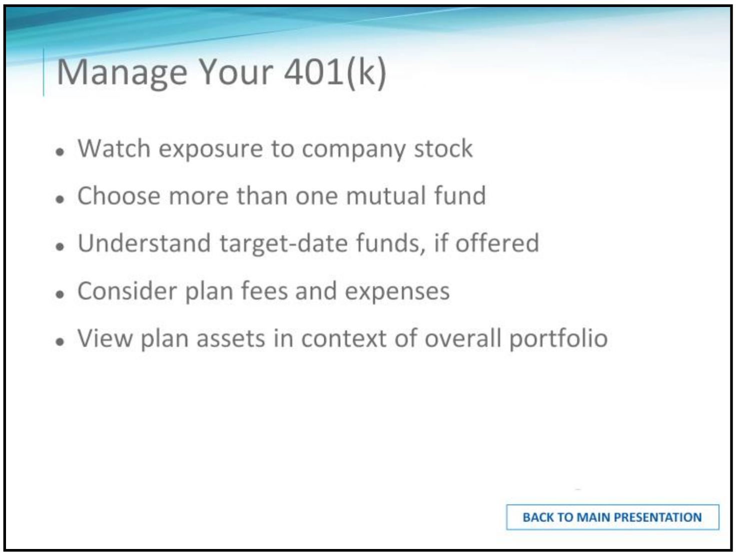
(Pause to give workshop participants sufficient time to locate the appropriate page.)

This table shows how to determine the after-tax yield, or the net return after taxes, for different hypothetical investments.

For example, in the top row, locate the yield of a taxable investment you may be considering — let's say 5 percent. Next, locate your federal income tax bracket in the column on the left. The percentage where these two variables intersect shows the taxable investment's after-tax yield.

Does everyone see how this works?

Knowing a taxable investment's after-tax yield can be useful when you're comparing it with a tax-favored investment. Generally, the higher your taxable income, the more you can benefit from a tax-favored alternative.



It is particularly important to manage your 401(k) or 403(b) plan wisely. Next to your home, an employer-sponsored retirement plan may become one of your largest single assets.

Managing your 401(k) means watching your exposure to your company's stock, if it is offered in your plan, and reducing it if necessary. When Enron's stock lost 98.8 percent of its value during 2001, nearly 60 percent of employees' 401(k) plan assets were invested in company stock. This resulted in huge financial losses for many plan participants. The lesson is not to tie the value of your retirement portfolio to the fate of a single company.

You may not want to overweight your portfolio in a single mutual fund. By choosing more than one fund, you diversify your assets, or spread risk across a variety of investments. Often, as the market fluctuates, gains in one area may help offset losses in another. Diversification does not guarantee a profit or protect against loss; it is a method used to help manage investment risk.

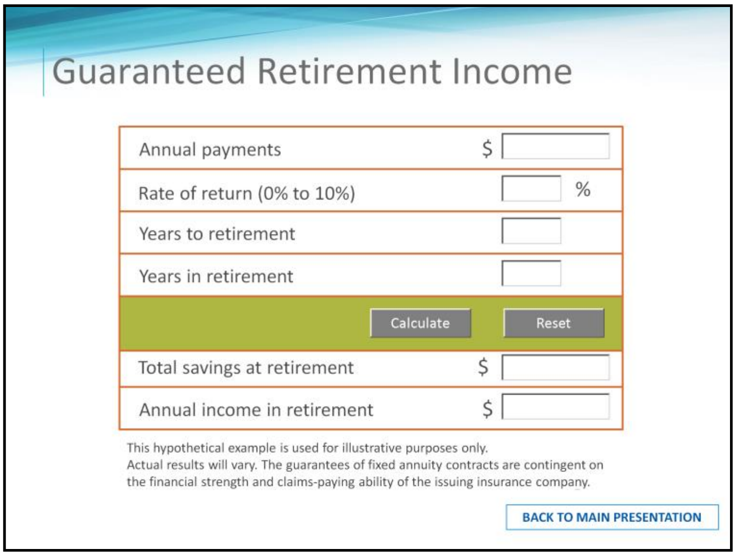
You should understand any target-date fund options, if offered by your plan. Target-date funds (also called lifecycle funds) are hybrid mutual funds that usually contain stocks, bonds, and short-term debt instruments, with the investment mix typically becoming more conservative as the target date approaches. The target date is not a dollar amount but a deadline that corresponds to the approximate date when an investor expects to need access to the money. Target-date funds may be a sound option, but it's important to realize that no two funds with the same target date are alike in their investment holdings, asset allocation, turnover rate, glide path, or fees. You should understand the risks, costs, and benefits of these hybrid options before investing in them.

Also make sure you consider the plan fees and expenses associated with specific investment options. These may include sales charges and management fees, as well as mutual fund 12b-1 fees.

Finally, remember to view your retirement plan in the context of your overall portfolio. The way you allocate the assets in your plan should take into account the way your other assets are allocated. We'll discuss this concept in greater detail in a few minutes.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Source: Employee Benefit Research Institute, 2002



Here’s a hypothetical example of how a fixed annuity could be used to generate guaranteed retirement income.

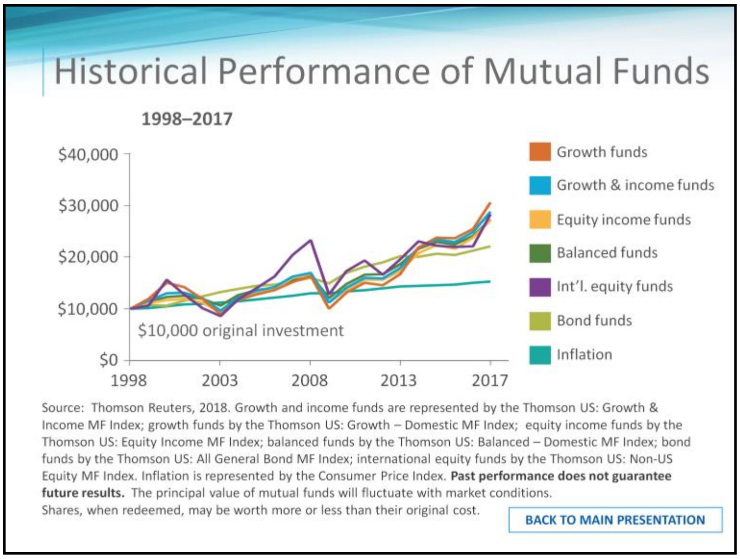
(Note to presenter: Enter numbers for annual annuity payments, rate of return, years to retirement, and years in retirement. Click “Calculate” after you’ve filled in these numbers, and the remaining fields will populate. Click “Reset” to clear.)

Assume a 55-year-old investor makes annual payments of **$10,000** to a fixed annuity earning **6 percent** a year. She has **10 years** to retirement and wants a guaranteed income for **25 years** once she has retired.

By the time the investor has reached retirement, the annuity would have amassed a total value of **$131,808**. The investor would receive a guaranteed annual income of **$10,311** for 25 years beginning at age 65.

(Note to presenter: You may want to run a few different examples based on a higher or lower annual payments, rate of return, years to retirement, or years in retirement.)

Of course, this example is purely hypothetical and is used for illustrative purposes only. The return rate is not indicative of any particular annuity. Actual results will vary. Remember that the guarantees of fixed annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company.



This graph compares the historical performance of several different types of mutual funds over the 20-year period from 1998 through 2017. As you can see, some types of funds are less volatile than others, and some funds offer greater potential for growth, with a correspondingly higher risk.

There are about 8,000 mutual funds available on the market, each with a specific investment objective and risk profile. Professional guidance can be indispensable when it comes to finding the best funds to suit your personal situation.

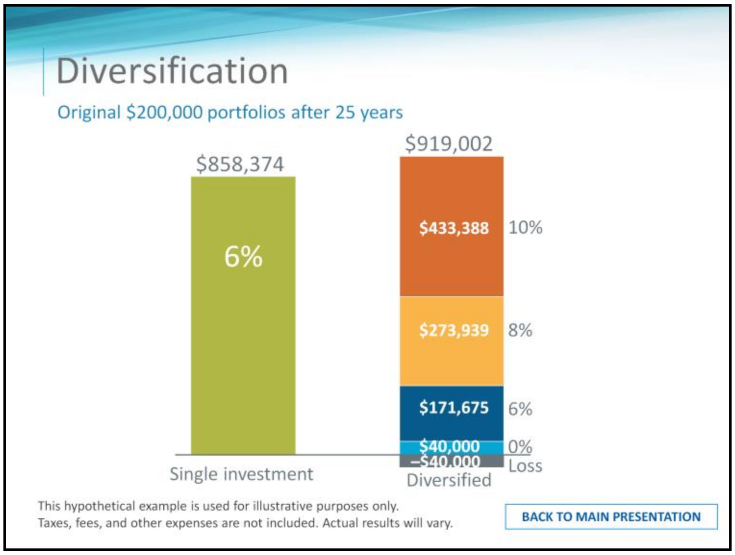
Bear in mind that past performance does not guarantee future results. Taxes, fees, and investment expenses are not considered in this example. The performance of an unmanaged index is not representative of the performance of any particular investment. Although you can invest in a mutual fund, you cannot invest directly in an unmanaged index.

The principal value of mutual funds will fluctuate with market conditions. Shares, when sold, may be worth more or less than their original cost. Note that bond funds are subject to the interest-rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.

Growth-oriented funds and international funds tend to be more volatile than the market in general. Investing internationally carries additional risks, such as differences in financial reporting, currency exchange risk, as well as economic and political risk unique to a specific country.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Source: Thomson Reuters, 2018, for the period January 1, 1998, to December 31, 2017. Growth funds are represented by the Thomson US: Growth – Domestic MF Index; growth and income funds by the Thomson US: Growth & Income MF Index; equity income funds by the Thomson US: Equity Income MF Index; balanced funds by the Thomson US: Balanced – Domestic MF Index; international equity funds by the Thomson US: Non-US Equity MF Index; bond funds by the Thomson US: All General Bond MF Index. Inflation is represented by the Consumer Price Index. Past performance does not guarantee future results. Actual results will vary.



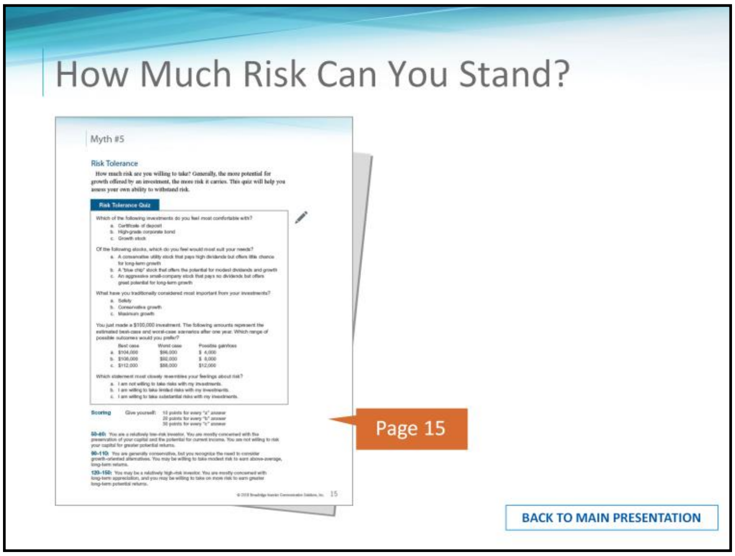
Let's take a look at how these hypothetical $200,000 portfolios might look like after 25 years.

If the single-investment portfolio were to grow at a hypothetical 6 percent average rate of return during that time, the account would be worth almost $860,000 after 25 years.

The diversified account, which was divided into five equal parts, would have grown at various rates of return during the same period. As you can see, some of the investments did very well, achieving 10 percent, 8 percent, and 6 percent returns. But one investment didn't grow at all, and another resulted in a total loss. Overall, however, even though each individual investment performed differently, the diversified portfolio earned considerably more. After 25 years, it was worth about $920,000, approximately $60,000 more than the single-investment portfolio!

The diversified portfolio was able to take advantage of investment opportunities that provided a greater potential for return because it wasn't relying on a single investment to meet its goals. And in this way, it was able to reduce the total risk.

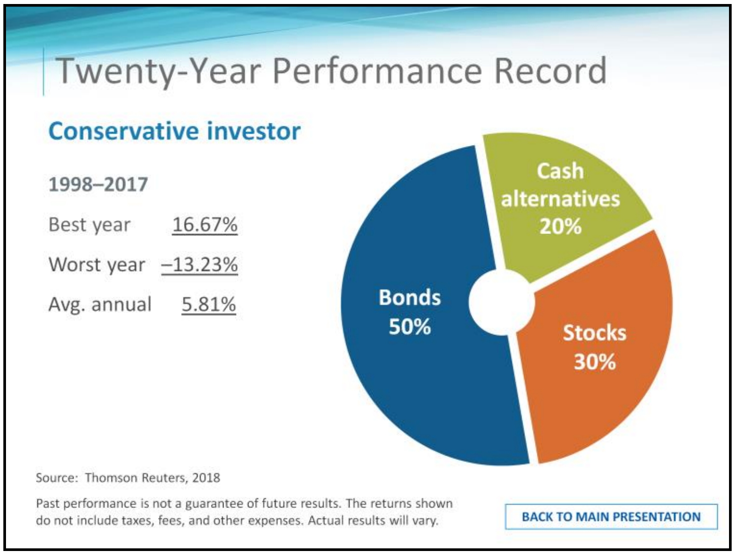
Remember that this hypothetical example is used for illustrative purposes only. The results are not indicative of any specific investments, and the returns do not consider the effects of taxes, fees, brokerage commissions, or other expenses typically associated with investing. Investments offering the potential for higher rates of return also involve a higher degree of risk of principal. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against loss. Actual results will vary.



How much risk can you stand? We've developed a risk tolerance quiz to help you evaluate your ability to withstand risk. You'll find it on page 15 in your workbook.

(Pause to give workshop participants time to locate the quiz and answer the questions. If time permits, conduct the quiz and allow participants to tally their scores and view the results. Or, if you prefer, you can recommend that they take the quiz at home.)

Hopefully, your answers to the quiz will give you a better idea of your risk tolerance and help you make informed decisions regarding which investments may be appropriate for your portfolio.

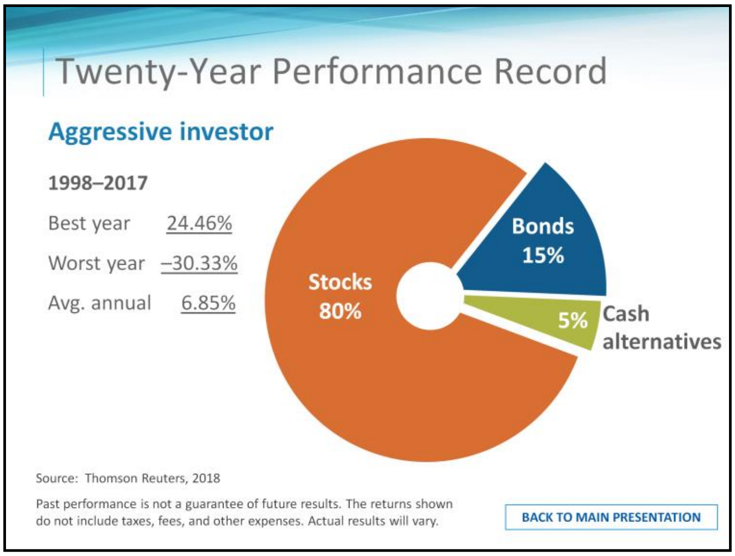


Let's take a look at how this conservative portfolio would have performed over the 20-year period from 1998 through 2017.

During the best year, this portfolio would have earned 16.67 percent. During the worst year, it would have lost 13.23 percent. The average annual return was 5.81 percent.

Of course, this hypothetical example is used for illustrative purposes only. The returns shown do not include taxes, fees, and other expenses typically associated with investing. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.

Source: Thomson Reuters, 2018. Performance described is for the period January 1, 1998, to December 31, 2017. Stocks are represented by the S&P 500 composite total return, which is generally considered representative of the U.S. stock market. Bonds are represented by the Citigroup Corporate Bond Composite Index, which is generally considered representative of U.S. corporate bonds. Cash alternatives are represented by the Citigroup Three-Month Treasury Bill Index. T-bills are generally considered representative of short-term cash alternatives and are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The return and principal value of an investment in stocks and bonds fluctuate with changes in market conditions; when sold, these securities may be worth more or less than the original investment amount.



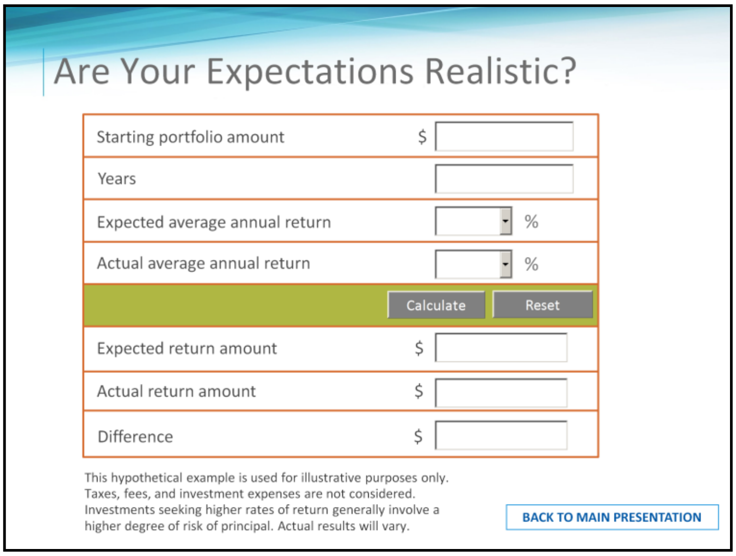
Now let's take a look at how this more aggressive portfolio would have performed over the 20-year period from 1998 through 2017.

During the best year, it would have earned 24.46 percent. During the worst year, it would have lost 30.33 percent. The average annual return was 6.85 percent.

As you can see, aggressive investments are typically more volatile, and they have the potential to produce higher highs and lower lows than their conservative counterparts, with accompanying risk. However, investors who are willing to wade through the market's ups and downs may also achieve higher average returns over time.

Of course, this hypothetical example is used for illustrative purposes only. The returns shown do not include taxes, fees, and other expenses typically associated with investing. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary.

Source: Thomson Reuters, 2018. Performance described is for the period January 1, 1998, to December 31, 2017. Stocks are represented by the S&P 500 composite total return, which is generally considered representative of the U.S. stock market. Bonds are represented by the Citigroup Corporate Bond Composite Index, which is generally considered representative of U.S. corporate bonds. Cash alternatives are represented by the Citigroup Three-Month Treasury Bill Index. T-bills are generally considered representative of short-term cash alternatives and are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The return and principal value of an investment in stocks and bonds fluctuate with changes in market conditions; when sold, these securities may be worth more or less than the original investment amount.



Are your expectations realistic?

(Note to presenter: Select a starting portfolio amount, number of years for investment to pursue growth, expected average annual return from the drop-down menu, and how that might compare with an actual average annual return from the drop-down menu. Then click “Calculate” to view the results. After you discuss the results, click “Reset” to clear the numbers.)

Let’s take a look at what would happen to a **$100,000** portfolio if you expected it to yield a **9 percent** average annual return over **20 years**, but because of market fluctuations, it received a **6 percent** average annual return.

(Click “Calculate” and discuss the results. Then click “Reset” to clear the numbers.)

In this example, the expected return was 9 percent but the actual return was 6 percent. The difference between the expected and actual return over this time period was **$239,728**.

Overestimating your returns could cause you to save too little and not reach your goals. On the other hand, if you are conservative in your expectations, you may be in the enviable position of having achieved your objectives early.

(If desired, go through some additional examples.)

This hypothetical example is used for illustrative purposes only. Taxes, fees, and investment expenses are not considered. Investments offering the potential for higher rates of return also involve a higher degree of risk of principal. Rates of return will vary over time, especially for long-term investments. Actual results will vary.