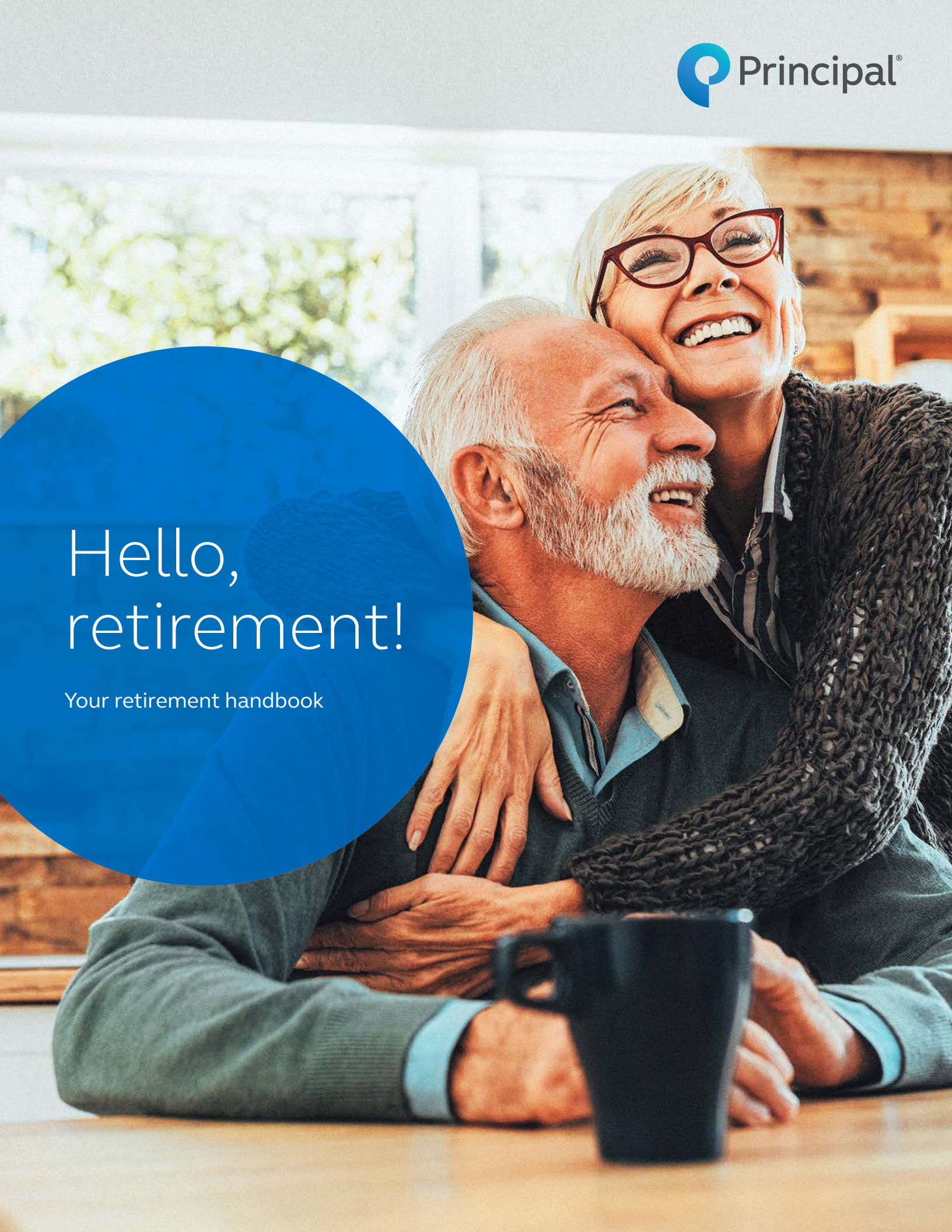


A photograph of an elderly couple sitting at a wooden table. The man, with a grey beard and hair, is wearing a green sweater and looking towards the right. The woman, with short blonde hair and red-rimmed glasses, is wearing a dark brown knitted sweater and has her arm around the man's shoulder, smiling broadly. A black mug is on the table in the foreground. A large blue circle is overlaid on the left side of the image, containing the text 'Hello, retirement!' and 'Your retirement handbook'.

Hello, retirement!

Your retirement handbook

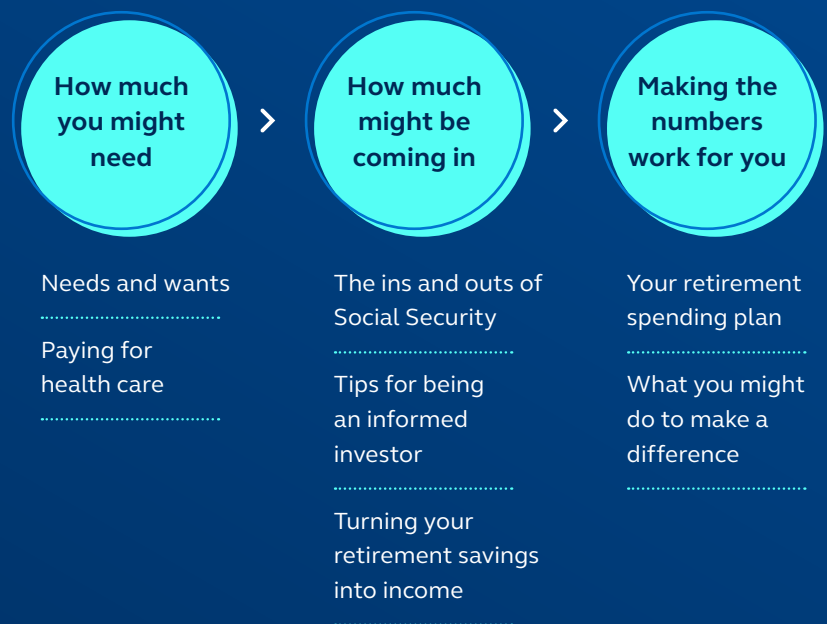
Hello, retirement!

Sounds pretty exciting, right? Living on your own schedule, relaxing, spending more time with family and friends—there’s a lot to look forward to.

As you get closer to the big day (and especially if you’re already retired), you probably have some questions. And maybe a few middle-of-the-night worries.

That’s OK. Just remember you’re not alone. Principal® can help. Today, we’ll look at things you can do to help overcome some of those worries—so you can enjoy this next phase of your life.

We’ll go over:



As you go through this handbook, you’ll find helpful information and steps you may take. You can also fill in numbers in the “Your retirement spending plan” in the back. That can help you figure out if you may be on track for retirement, or if you have some work to do.

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- 9 Be an informed retirement investor
- 12 Turn savings into income
- 16 Your retirement spending plan



Money in, money out

If you're like most people, you may need a little help figuring out about how much money you'll need for retirement and how much you might have to spend. Let's dive into that—starting with “money out.”

For most retirees, one of the biggest expenses is health care.

Think about how much you might need to spend each month. A lot of that money will go toward things like food, housing, and transportation. And you'll likely spend some on fun activities like travel or hobbies. Start jotting down those expenses in your retirement spending plan at the back of this handbook.

If you're not sure what your expenses will be, track what you spend today. Writing down every dollar you spend for a month or two will help you see where your money goes now. And it might even help you save on some expenses.

Of course, for most retirees, one of the biggest expenses is health care. Let's look at that.

PAYING FOR HEALTH CARE

Over time, your medical costs will likely go up as you get older. Eventually, health care may become one of your biggest expenses.

Medicare can pay for a big share of retirees' health care expenses — over two-thirds, according to some sources.¹ But Medicare itself isn't cheap. The total projected lifetime health care costs for a healthy 65 year old couple retiring in 2021 are expected to be \$662,156.¹ This includes Medicare premiums and dental insurance as well as out-of-pocket costs like doctor visits, hearing, vision, and dental, says Healthview Services, a maker of health care cost projection software.

It's definitely worth it, then, to know the ins and outs of Medicare — so you can make the most of this benefit.

HOW MEDICARE WORKS

Medicare is similar to Social Security. You pay into the program during your working years through the FICA deduction from your paycheck. Then you get the benefits during retirement.

Medicare is made up of four parts:

- 1 **Part A** covers inpatient hospital services or care in a skilled nursing facility, hospice care, and some home health care.
- 2 **Part B** covers certain doctors' services, outpatient care, medical supplies, and preventive services.
- 3 **Part C**, also known as Medicare Advantage, is medical and hospital insurance provided by private companies. (Keep in mind that this is an option in place of Parts A and B—not in addition to them.)
- 4 **Part D** covers prescription drug costs.

You can also get extra coverage through Medigap, which is insurance that helps cover copayments and deductibles for Parts A and B. (You can't use it with Medicare Advantage.)

In general, Medicare Parts A and B provide the lowest up-front costs, but also can create the most coverage gaps—so you might be hit with some unexpected out-of-pocket costs. Medicare Parts A, B, D, and Medigap together can create the highest up-front costs but will likely provide the fullest coverage with the least amount of gaps.

IT DOESN'T COVER EVERYTHING

You should also know what Medicare won't cover. That includes copays and insurance deductibles, dental and vision care, and long-term care. Those costs can add up, so plan ahead now.

If you're...	Then...
Still working	• A health care savings account may be an option. (Keep in mind, when you sign up for Medicare, you can no longer contribute to an HSA.) • Estimate your health care and prescription drug expenses. Then check into any coverage options (through your employer or on your own).
About to retire (and aren't 65 yet) ²	• Ask if your employer offers an early retiree insurance program. • Consider extending your employer's health plan coverage using COBRA. (This may cost extra and usually has a time limit).
Already retired	• Join your spouse's employer-provided health care plan (if your spouse is still working and it's allowed). • If you're a veteran, check with your Veterans Administration to see if you qualify for coverage. • If you aren't 65 yet, consider buying individual insurance.² You can compare options at healthcare.gov.

² When you turn 65, you'll be eligible for Medicare.

Things to think about



Signing up for Medicare.

You can sign up for Medicare beginning three months before the month you turn 65. The initial enrollment period lasts until three months after the month you turn 65.

Note: If you don't sign up during that time, you can still sign up during the general enrollment period, which is Jan. 1 through March 31 each year. But you might have to pay higher Medicare Part B and Part D premiums if you go that route.

Comparing costs.

Medicare.gov has a comparison tool that lets you estimate your premiums. You can even compare costs and coverage between the different parts of Medicare.

Planning ahead for the costs.

Use the chart to the left to see how you can prepare.

Getting the details.

If you have questions, call 800-MEDICARE or your state's Senior Health Insurance Information Program (SHIIP).

Before signing up for coverage, it's a good idea to check [medicare.gov](https://www.medicare.gov) for possible updates.



Things to think about



- If you're still working, **ask your employer about long-term care insurance right away.**
- See if you belong to an **alumni association or other group** that offers long-term care insurance.
- To find providers and verify agents/brokers in your state, visit the **National Association of Insurance Commissioners website at naic.org.**

ASSISTED LIVING AND LONG-TERM CARE

As you've probably heard, assisted living and long-term care can be pricey. And as you just learned, Medicare doesn't pay for it. Neither does health insurance.

That's why long-term care insurance may be a good option. You can buy it:

- On your own
- From your employer, if available
- Through an association or another group you belong to (for example, an alumni association or trade organization)

“MONEY IN”

Now we can look at something a little more fun—income. During retirement, you’ll probably have money coming in from a few different sources. (Don’t forget to write those down in your retirement spending plan at the back of this handbook.) Today, Social Security is a “for sure” source of income. But it can also be confusing. So let’s go over some of the basics.

HOW SOCIAL SECURITY WORKS

Social Security was created as a financial safety net for older Americans. Workers pay into the system during their working years (through the FICA deduction from their paychecks). When they reach their “full retirement age” (currently age 66 or 67, depending on when they were born), they can start receiving benefits.

The amount of your Social Security benefit is based on your highest 35 earning years (up to an annual max amount) and adjusted for inflation each year. In general, the more you’ve earned, the more you’ve paid into the system over time, and the more you’ll likely get back in benefits.

WHEN SHOULD YOU START YOUR SOCIAL SECURITY BENEFITS?

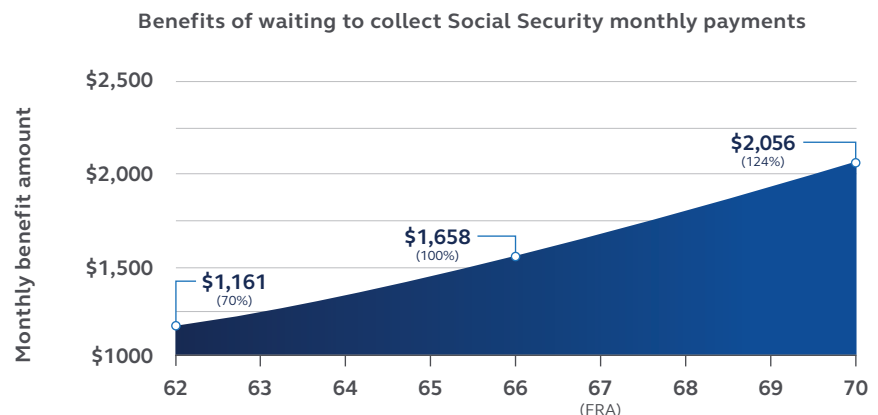
Timing is really important. That’s because the program rewards people for waiting to start their benefits. Your benefit will increase based on the number of months you don’t receive benefits between full retirement age and age 70. (See the graph below for an example.)

Today, Social Security is a “for sure” source of income, but timing is really important because the program rewards people for waiting to start their benefits.

Monthly Social Security benefit amounts differ based on the age you decide to start receiving benefits

This example uses the average benefit amount for 2022. For a person whose full retirement age (FRA) is 67, it shows the cost of waiting and the benefits of waiting.

Source: Social Security Administration.
Sample data for illustrative purposes only.
Each person’s monthly benefit will vary based on birth year, work history, and other factors.



Things to think about



- **Getting benefit estimates** and answers at ssa.gov or 800-772-1213.
- **Adding the estimates to your spending plan** in the back of this handbook.

There's no hard-and-fast rule about when to start taking Social Security benefits. It really is an individual decision.

There's no hard-and-fast rule about when to start taking Social Security benefits. It really is an individual decision, based in part on your answers to these questions:

- **How healthy are you, and what's your family history?**

If you think you'll live until a ripe old age, you may want to consider delaying benefits.

- **Will you keep working after collecting Social Security?**

If so, you should know that working may reduce your benefits up until your Social Security full retirement age.

- **Will you get spousal or survivor benefits?**

If so, you'll want to look into your options before starting your own Social Security benefits.

- **How much might you pay in taxes?**

Up to 85% of your Social Security benefit may be taxable, depending on something called your "provisional income." Your provisional income amount is the total of your taxable income, tax-exempt interest income and 50% of your Social Security benefit. If you think you'll have a lower provisional income later in retirement, starting your Social Security benefits later may mean less of your benefit gets taxed. A financial advisor can help you estimate your provisional income and possible tax rate.

- **What are your other sources of retirement income?**

If you delay Social Security benefits, could you get by on personal savings and any retirement benefits from your employer?

Putting in a little research time up front can help you make good Social Security decisions.

Be an informed retirement investor

Social Security likely won't be your only income in retirement. You might have income from savings accounts, a pension plan, rental income, or other investments.

Chances are, though, that other than Social Security, a big part of your remaining retirement income may come from your retirement savings account through your employer. Making educated investing decisions with your account during and after retirement may help that money last throughout retirement.

You don't have to be the next Warren Buffett. But you should understand some basic concepts. This section can help.

Let's start by looking at some general types of investments that may be available in the retirement plan.

Choosing a mix of different investments with varying risk levels might help manage risk—and give your investment the potential to grow over time.

Investment	Description	Who offers it?
Stocks (also called “equities”)	A share of ownership in a company. When someone buys a stock, it represents a portion of that company’s assets and potential earnings. The value of stock can go up or down with the market.	May be available within a retirement plan or separately through an investment company.
Bonds	A debt obligation, like an IOU. People who buy bonds lend money to the company issuing the bond. In return, the company pays interest on the loan amount and usually returns that amount after a set time period.	May be available within a retirement plan or separately through an investment company.
Mutual funds	A company that pools money from many investors and invests the money in investments like stocks and bonds. People who invest in mutual funds buy a share or shares of the mutual fund. Each share represents part ownership in the fund and any income it earns through market growth.	May be available within a retirement plan or separately through an investment company.
Annuities*	A product bought from an insurance company. In return, the company sends the buyer (or “annuitant”) periodic, ongoing payments for the length (or “term”) of the annuity contract, usually, until death. The insurance company guarantees the annuitant will receive back the amount paid in and any earnings.	Insurance companies; may be available within some retirement plans.

Asset allocation and diversification do not ensure a profit or protect against a loss.

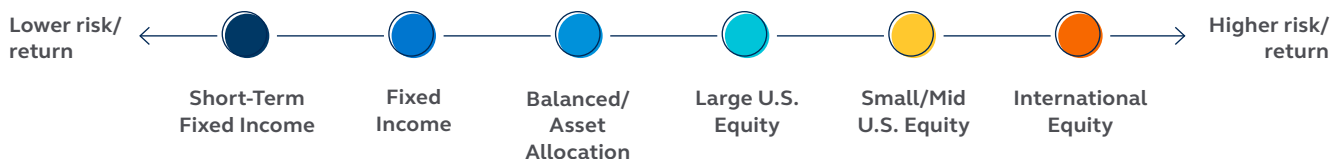
* The ability of the issuing insurance company to pay the guarantee is based on the claims-paying ability of the general account and is subject to the terms of the contract.

STOCKS, BONDS, AND OTHER INVESTMENTS

What's the difference between different types of investments? A lot of it centers around risk and return.

Investments are typically organized into groups called “asset classes” based on level of potential risk. Generally, asset classes with typically lower risk offer less potential for growth, and asset classes with typically higher risk offer more potential for growth (but more potential for loss, too).

Asset classes: Risk and return



See asset class definitions on page 19.

Your employer's retirement plan offers several different kinds of investment options with varying risk levels, so you can choose from a range of risk and return levels.

MIXING UP YOUR INVESTMENTS

Choosing a mix of investments in different asset classes with varying levels of risk may help manage that risk—and give your savings the potential to grow over time. That's because some kinds of investments tend to move in the opposite direction of other kinds of investments.

For instance, stocks and bonds tend to move in opposite directions. If the value of stock investments goes down, the value of bond investments may increase. Overall, this might generate a more consistent return over time.

IS IT TIME FOR A CHANGE?

Some retirees feel more comfortable having less risk as retirement nears (and during retirement). That's because if the market drops, there's less time to recover from any losses. However, those savings won't increase as much if the market grows.

Asset allocation and diversification do not ensure a profit or protect against a loss.

Each person is different, so you may want to think about your own risk tolerance and investment mix. The investor profile quiz at principal.com/investorprofilequiz can help.

KNOW YOUR TAX OPTIONS

We'd all like to keep more of our hard-earned money, right? That's why it's important to keep taxes in mind when investing for retirement. Here are a few strategies to think about:

- **Saving more in an employer-sponsored retirement plan if you're still working.**

Retirement plan contributions are typically made before taxes are taken out, so that money has the potential to grow tax-deferred. (Some retirement plans cap the limit you can contribute, so make sure you look into the plan's details.)

- **Contributing to an IRA.**

Like a 401(k) or 403(b) plan, your earnings in a traditional IRA grow tax-deferred, which means they aren't taxed until you withdraw that money from the account.³ You can also make tax-deductible contributions to a traditional IRA if you meet certain criteria. Roth IRAs work a little differently; contributions to a Roth IRA don't qualify for a tax deduction, but the earnings may be tax-free in some cases. Read the sidebar on the right for more info.

- **Making catch-up contributions.**

Workers who are age 50 or older can contribute extra money to a 401(k) or 403(b) plan (if the plan allows it). Just check the plan limits first to be on the safe side—they can change from year to year.

- **Seeing if you're eligible for the Saver's Tax Credit.**

If you fall within certain income ranges, you may get a little extra tax advantage when contributing to an employer-sponsored retirement plan or an IRA. You can check the income ranges for the current year at irs.gov.

³ If covered by an employer-sponsored retirement plan, your deduction may be limited. Visit the IRS website at irs.gov for more information.

Asset allocation and diversification do not ensure a profit or protect against a loss.

Things to think about



- ☐ **Choosing a mix of investments options** from various asset classes to help manage risk.
- ☐ **Shifting to investments options** with historically less risk as retirement nears.
- ☐ **Working with a tax professional** when investing for retirement.

To Roth or not to Roth?

Should you contribute to a traditional IRA or a Roth IRA? The answer may depend on several factors, including your current and future expected tax bracket.

If you think you'll be in a lower tax bracket in retirement, then a traditional IRA might make more sense. If you're in a lower bracket now, then a Roth IRA may be better.

Your tax professional can help you decide what works best.

Turning savings into income

R–M what?

You may have heard the term “RMD” in relation to retirement. It stands for **required minimum distribution**.⁴

After you reach age 73 (72 if you attained age 72 before January 1, 2023 or 70½ if you attained age 70½ before January 1, 2020)—you are required to take out some of your savings from your retirement account(s) [like 401(k)s, 403(b)s and most kinds of IRAs]. Withdrawing less than your RMD can lead to a hefty tax penalty, so it’s wise to stay on top of this.

Generally, it may be best to use your RMDs first when pulling from your variable income bucket. If you need more income to fill the gap, consider after-tax accounts like a Roth IRA (if you have one).

We talked about investing for approaching retirement and planning for taxes. Now it’s time to retire. And that means taking your savings and turning it into income.

If this is one of your biggest worries, here’s one possible strategy:

- **Figure out how much you might need to spend each year** — for things like food, housing, insurance, and health care.
- **Add up how much money you might have coming in from “for sure” income** (like Social Security, an annuity, a pension plan, etc.). Use that bucket of money to pay for your needs.
- **Is there a gap between what you need and your “for sure” income?** If so, look to your “variable income bucket”—like retirement plan savings, an IRA or other accounts that can change with the market—to fill that gap. And you can also use that variable income bucket money for the “fun stuff”—travel, hobbies, that kind of thing.

For most people, a 401(k) or 403(b) account is the biggest part of their variable income bucket. You generally have three options for pulling money from that kind of account:⁵

- 1 **Leave it in the plan** and take periodic withdrawals
- 2 **Roll it over** to an IRA and take periodic withdrawals
- 3 **Cash it all out**—and pay the resulting taxes and penalties

It may be tempting to cash out all of the money at once. But doing this could mean giving up a lot in taxes and possible penalties.

Leaving your money in the plan or rolling it into an IRA are both options that let you keep some or all of your savings invested. And you can still use some of that money to pay your expenses. You can also use some of the money to buy an annuity or another product designed to give you income to last through your entire retirement.

⁴If you turn 72 in 2023, you have to take your RMD by 4/1 of the year after you reach age 73. For all subsequent years, you’ll take the RMD by 12/31. For plans like a 401(k), if you’re no more than 5% owner and still employed, the start date can be delayed until retirement.

⁵You should consider the differences in investment options and risks, fees and expenses, tax implications, services and penalty-free withdrawals for your various options. There may be other factors to consider due to your specific needs and situation. You may wish to consult your tax advisor or legal counsel.

⁶*Guarantees are based upon the claims-paying ability of the issuing insurance company.*

DISTRIBUTION OPTIONS AT A GLANCE

This chart explains some of the pros and cons of different distribution options.

Option ⁷	Pros	Cons
Leave savings in the retirement plan	• Can roll other retirement accounts into it while still employed • Can still access the plan's services • Savings might grow with the market • Money isn't taxed until it's taken out in retirement • Can take money out as early as age 55 if changing jobs or retiring (59½ otherwise) • Generally, can withdraw money periodically	• Old employer can make changes to the plan • May not be able to take money before reaching the plan's "full retirement age" • Can only invest in the investment options available in the plan • Can't put any more money into the account • Can't roll other accounts into it after employment ends
Roll savings to an IRA	• Can roll other retirement accounts into it • Can choose from a bigger list of investment options • Can keep adding to it • Money isn't taxed until it's taken out in retirement • Generally, can withdraw money periodically	• Might have higher fees than staying in the plan • Earliest age to take out money without penalty is 59½, employed or not
Take money out as a cash payment	• Can access savings right away	• Must pay federal income tax and maybe state income tax • Will pay a penalty for withdrawing money earlier than age 59½ (earlier if you separated from service at age 55 or later or you qualify for another exception) • Savings taken out of the market won't be open to market growth and may run out
Purchase a guaranteed⁸ income product	• Can give predictable income during retirement • Can leave some savings in a retirement plan or IRA for growth • With a lifetime income product, savings won't run out	• Might not keep up with inflation • Won't be open to market growth

⁷You should consider the differences in investment options and risks, fees and expenses, tax implications, services and penalty-free withdrawals for your various options. There may be other factors to consider due to your specific needs and situation. You may wish to consult your tax advisor or legal counsel.

⁸Guarantees are based upon the claims-paying ability of the issuing insurance company.

Things to think about



- **Using your spending plan** to compare your “for sure” income to your retirement expenses.
- **Making a plan** for pulling money from your retirement accounts to cover any gap and adding that to your retirement spending plan.
- **Checking into investments and products** meant to help you keep up with inflation and provide guaranteed income.

KEEPING UP WITH INFLATION

Inflation is a general increase in the prices of goods and services. As prices go up, your money buys less and less. Check out this chart to see what we mean:

HOW INFLATION MAY AFFECT BUYING POWER

Current amount	Years from now	Future amount that may be needed to buy the same goods/services
\$50,000	10	\$60,949
\$50,000	20	\$74,297
\$50,000	25	\$82,030
\$50,000	30	\$90,568

For illustrative purposes only. Assumes 2.0% inflation rate.

That’s why inflation is also something to think about as you plan for retirement. For example, giving investments a chance to grow enough to keep pace with (or beat) inflation without putting savings at too much risk if the market goes down.

One strategy is to create more “for sure” retirement income while still allowing for potential market growth. Some people use part of their savings to buy a combination of low-risk or guaranteed income products—like an annuity.⁹ This can help supplement Social Security (and help make sure they don’t run out of money). Then they keep some of their other savings in slightly higher risk/return investments to help keep up with inflation.

⁹ Guarantees are based upon the claims-paying ability of the issuing insurance company.

Asset allocation and diversification do not ensure a profit or protect against a loss.



➤ **Keep an eye on your accounts.**

It's a good idea to review all of your retirement accounts periodically to make sure they're doing what you want. For your Principal® account, just log in to **principal.com**. You can also call us at **800-547-7754**.

➤ **Remember your RMDs!**

As we mentioned earlier, RMD mistakes can lead to pricey taxes. Make sure you know how much you need to withdraw and when.

➤ **Keep tracking “money in, money out.”** Update your spending plan regularly so you know where you're at.

➤ **Think about passing on your wealth.**

Do you hope to pass on some of your money to others someday? A legacy plan can help. It spells out your final financial wishes. It can also include strategies to help your heirs manage their inheritance. A financial advisor can help you put one together.

Already retired?

Even if you have a plan in place, you'll need to make sure it stays on track. And if you don't have a plan, it's not too late to put one together.

Your retirement spending plan

As you go through the handbook, fill in the amounts below. This might help you get an idea of what your bottom line may look like in retirement.

Expenses

Itemize and estimate your expected monthly household retirement expenses using this list. These expenses are assumed to last throughout retirement. **Only check items essential to support your desired lifestyle in retirement.**

EXPENSES

	Monthly amount	
Housing		☒
Mortgage or rent	\$	☐
Property taxes and insurance	\$	☐
Utilities	\$	☐
Household improvement and maintenance	\$	☐
Personal		
Clothing	\$	☐
Products and services	\$	☐
Entertainment	\$	☐
Travel	\$	☐
Hobbies/memberships	\$	☐
Dependent care	\$	☐
Income taxes	\$	☐
Charitable contributions	\$	☐
Food		
Groceries	\$	☐
Dining out	\$	☐
Transportation		
Vehicle purchases or payments	\$	☐
Fuel and maintenance	\$	☐
Auto insurance	\$	☐
Other transportation	\$	☐
Insurance		
Life	\$	☐
Long-term care	\$	☐
Health care		
Health insurance (include Medicare)	\$	☐
Prescriptions and other medical supplies	\$	☐
Medical bills and expenses	\$	☐
Other		
Debt – credit cards	\$	☐
Debt – loans (home equity, school, other)	\$	☐
Misc.	\$	☐
Total household monthly expenses	\$	

INCOME

	You	Your spouse (or partner)
“For sure” sources		
Social Security (visit ssa.gov for an estimate of your monthly benefit)	\$	\$
Pension plan (also known as a defined benefit plan)	\$	\$
Annuity(ies)	\$	\$
Variable sources		
Money from retirement savings accounts	\$	\$
Part-time job	\$	\$
Rental income	\$	\$
Other income	\$	\$
Total combined monthly income		\$

What’s your bottom line?

Subtract your total monthly expenses from your total monthly income.

Total income

-

Total expenses

=

\$

Your bottom line

These are only general guidelines which may be helpful in making personal financial decisions. Responsibility for those decisions is assumed by you, not the Principal Financial Group.

You've got this.

Want some other things you can do yourself? **Log on to principal.com for online calculators, account info, articles and more.**

And most of all,
congratulations.
You've worked hard,
and you deserve a
fantastic retirement!

YOUR CURRENT PICTURE

So what does your bottom line look like so far? Will you make ends meet? Or—maybe not so much?

If you're falling short, here are a few steps you might take now to help:

- **Save as much as you can until you retire.** Max your contributions to your employer's retirement plan and any other retirement accounts (like an IRA). If you're 50 or over, you might be able to contribute even more than the standard max—check with your employer.
- **Review your monthly expenses and see what you can cut** today so you can save more.
- **Pay off credit cards and similar debts** while you still have a paycheck—so you don't have to use your retirement savings.
- **Put off retirement for a while longer so you have more time to save**—and fewer retirement years to cover.
- **Rethink any expensive hobbies or travel plans.**
- **Work part-time during retirement** for some extra spending money.

YOU'RE NOT ALONE

Retirement is a pretty big deal. And although you're probably really excited about it, there might also be times when you're just plain confused about the financial end of things.

Remember that we're here to help—whether you're still working, making the switch or already retired. **Just give us a call at 800-547-7754.**

You could also chat with a financial advisor. If you already work with one, talk with him or her about your plan for retirement. If you'd like to find one, **call 800-547-7754** and we'll help you.

ASSET CLASS DEFINITIONS

Asset class	Definition
Short-Term Fixed Income	This asset class is generally composed of short-term, fixed-income investment options that are largely liquid and are designed to not lose much value. These investment options may include stable value, money market, short-term bond, and guaranteed interest accounts. They are considered to be among the least risky forms of investment options. However, they typically have a lower rate of return than equities or longer-term fixed income investment options over long periods of time. Depending on the objectives of the investment options, they may experience price fluctuations and may lose value.
Fixed Income	This asset class is generally composed of investment options that invest in bonds, or debt of a company or government entity (including U.S. and Non-U.S.). It may also include real estate investment options that directly own property. These investment options typically carry more risk than short-term fixed income investment options (including, for real estate investment options, liquidity risk), but less overall risk than equities. All investment options in this category have the potential to lose value.
Balanced/Asset Allocation	This asset class is generally composed of a combination of fixed income and equity investment options. These investment options may include balanced, asset allocation, target-date, and target-risk investment options. Although typically lower risk than investment options that invest solely in equities, all investment options in this category have the potential to lose value.
Large U.S. Equity	This asset class is generally composed of investment options that invest in stocks, or shares of ownership in large, well-established U.S. companies. These investment options typically carry more risk than fixed income investment options but have the potential for higher returns over longer time periods. They may be an appropriate choice for long-term investors who are seeking the potential for growth. All investment options in this category have the potential to lose value.
Small/Mid U.S. Equity	This asset class is generally composed of investment options that invest in stocks, or shares of ownership in small to medium-sized U.S. companies. These investment options typically carry more risk than larger U.S. equity investment options but have the potential for higher returns. They may be an appropriate choice for long-term investors who are seeking the potential for growth. All investment options in this category have the potential to lose value.
International Equity	This asset class is composed of investment options that invest in stocks, or shares of ownership in companies with their principal place of business or office outside the United States. These investment options often carry more risk than U.S. equity investment options but may have the potential for higher returns. They may be an appropriate choice for long-term investors who are seeking the potential for growth. All investment options in this category have the potential to lose value.
Other	This asset class is composed of investment options that do not match our other categories. Examples include investment options which concentrate on specific sectors such as technology, financials and natural resources. These investment options may have varying degrees of risk and return potential and could lose value.



Investing involves risk, including possible loss of principal.

Asset allocation and diversification do not ensure a profit or protect against a loss.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options.

Fixed-income investments are subject to interest rate risk; as interest rates rise, their value will decline.

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