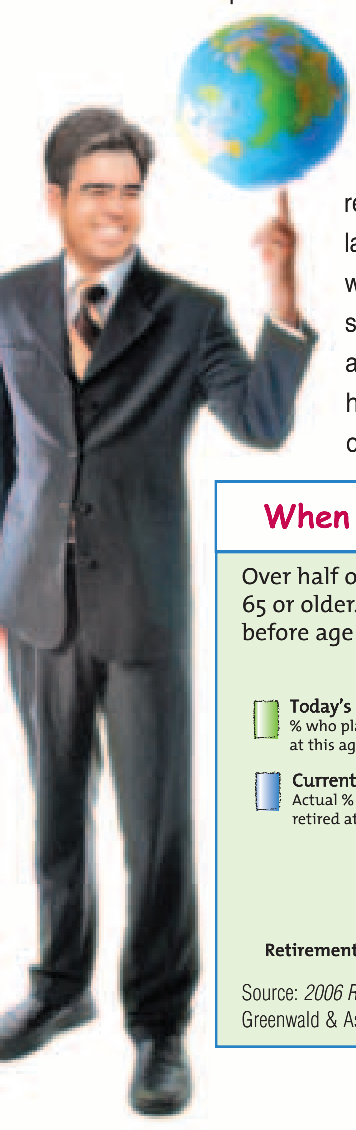
# OnTrack

JOHNSON BANK®

## Open Up A WORLD of Choices

While money may not buy you happiness, it certainly opens up a world of possibilities. The fact is, your choice of vacation, auto, home, and a whole range of other items often comes down to how much money you can afford to spend. Money gives you flexibility and increases the number of options available to you.



That will be as true during your retirement as it is now. By saving for retirement, you are laying the groundwork for a financially secure future. Just as importantly, you'll have the flexibility to choose what you want to do — to travel, to pursue a lifelong dream, or even to start a small business, if that's your wish. You may not have that flexibility if you haven't saved enough.

While you're thinking about how much you'll need to save for retirement, two additional strategies for boosting your retirement nest egg may come to mind. But relying on one (or both) of the following may — or may not — work out.

### My Home Will Finance My Retirement

A home is a big investment, and rising home values throughout many parts of the country have made a home the most valuable asset that many individuals own. However, relying on your home's appreciating value to finance your retirement may not be such a good idea.

Too many factors outside of your control can determine whether you'll be able to sell your home at a price you'd like — including the state of the economy when you decide to sell. Then, too, you may not want to move when the time finally comes. And, if you do sell, you'll still need to buy or rent somewhere else.

### I'll Always Be Able To Work

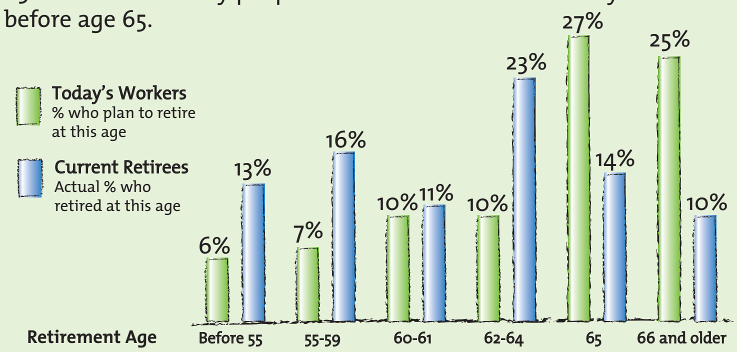
The idea of staying active and working in some capacity long after your official "retirement" date can be very appealing. However, it's probably better not to count on it. Unfortunately, illness, an accident, or even an economic downturn may put an end to your plans to keep working.

Take a look at the chart. It shows a gap between when workers plan to retire and the experience of current retirees.

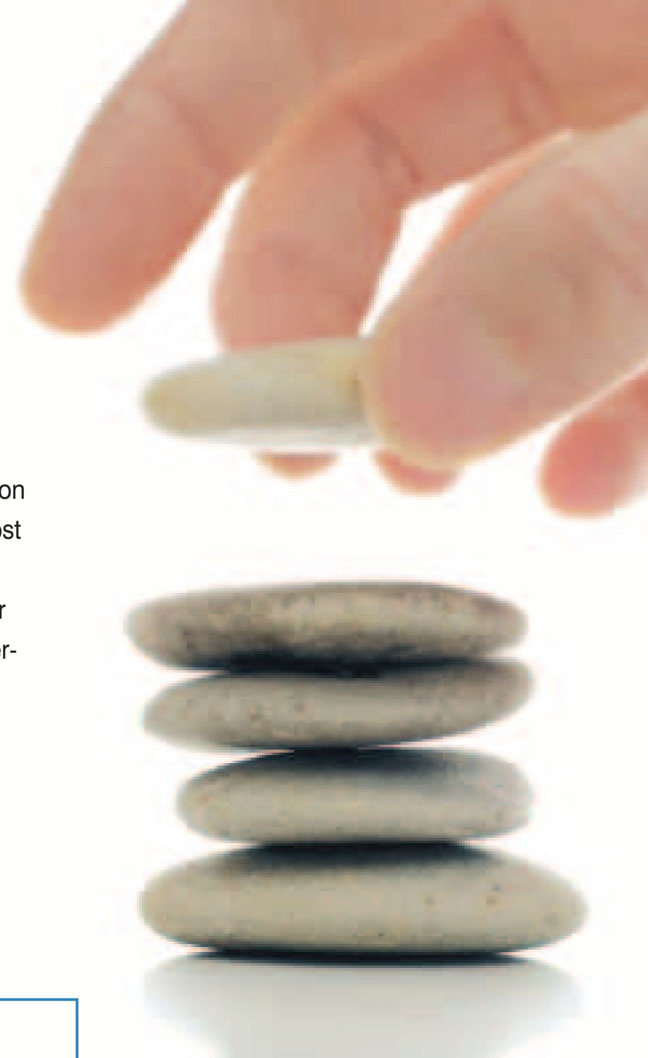
You can never have too many choices. Contributing regularly to your retirement plan increases the chances that your future will be one of exciting possibilities and interesting choices.

### When Will You Retire?

Over half of today's workers expect to continue working until they're 65 or older. But many people who are now retired actually retired before age 65.




Source: *2006 Retirement Confidence Survey*, Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc.



## What's Average About
# DOLLAR-COST AVERAGING?

It's a simple investing strategy that's useful for long-term investors. It's called dollar-cost averaging* — and you're already taking advantage of it when you contribute to your retirement plan.

### Steady Investing

Dollar-cost averaging is the strategy of regularly investing a specific amount in the same stock or fund regardless of what the market is doing. There's no guesswork about whether it's a good or bad time to invest. With dollar-cost averaging, you are steadily investing *all* the time. Sound familiar? It's what happens when your paycheck contributions to your retirement plan are invested in the funds or portfolios you have selected.

### How It Works

Investing a set amount on a regular basis helps even out fluctuating market prices. Your regular contribution buys more shares when the price is lower and fewer shares when the price is higher. Your average *cost* per share for a particular investment period may be lower than the average share price for the same period.

Here's an example that illustrates how dollar-cost averaging works. Let's say you invest $300 a month in a particular fund. Over the year, the quarterly price per share changes from $8 to $10 to $5 and back to $8.The *average price* per fund share for the year is $7.75.

However, your $3,600 total contribution bought 495 shares for an average cost of $7.27 per share ($3,600 invested divided by 495 shares). Your cost per share was 48 cents less than the average share price.

**How It Works**

| Months | Amount Invested at $300 per Month | Fund Price per Share | Shares Bought |
|---|---|---|---|
| Jan., Feb., Mar. | $900 | $8 | 112.5 |
| Apr., May, June | $900 | $10 | 90 |
| July, Aug., Sept. | $900 | $5 | 180 |
| Oct., Nov., Dec. | $900 | $8 | 112.5 |
| | $3,600 (total contribution) | $7.75 (average share price) | 495 (average share cost $7.27) |

* *Dollar-cost averaging may lower your average per-share cost, but this investment method will not guarantee a profit or protect you from a loss in declining markets. Effectiveness requires continuous investment, regardless of fluctuating prices. You should consider your ability to continue buying through periods of low prices.*