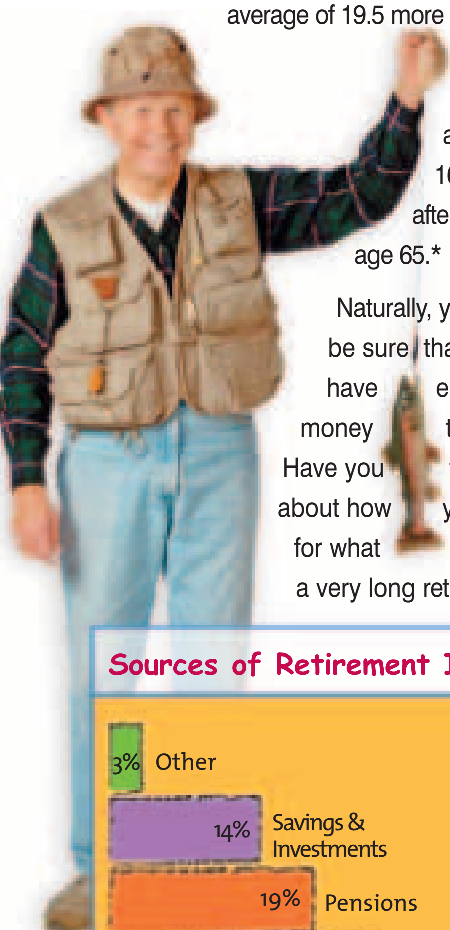
SPRING 2006

OnTrack

JOHNSON BANK®

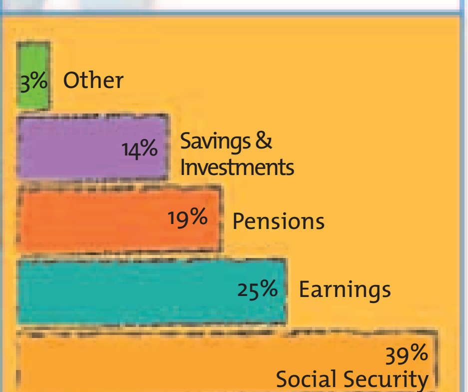
Where Will the *MONEY* Come From?

Chances are, you are going to enjoy a longer retirement than your parents or grandparents. The fact is, more people are living longer today than at any other time in the country's history. Women who reach age 65 live an average of 19.5 more years, while men live for an additional 16.6 years after reaching age 65.*



Naturally, you want to be sure that you'll have enough money to live well. Have you thought about how you'll pay for what may be a very long retirement?

Sources of Retirement Income



Source: *Fast Facts & Figures About Social Security, 2005*, Social Security Administration

Social Security — Not Enough

Relying on Social Security to cover the bulk of your retirement living expenses is not a good idea. In 2006, the average monthly Social Security benefit amount is $1,002 ($12,024 per year).** Helpful, yes, but not enough to live comfortably. As the chart shows, on average today's retirees receive only 39% of their income from Social Security.

A Pension?

Pensions — steady monthly benefits paid to covered retirees — are becoming much less common today than they once were. Since that trend is unlikely to change in the future, many workers won't be able to count on a pension to supplement their Social Security benefits.

Earnings from Work

Some people intend to continue working after they officially "retire." They want to stay active, pursue new interests, or simply make some extra money.

However, if you *have* to work just to make ends meet, you could run into financial difficulties down the road. Retirees who want to work sometimes can't because of health problems and family responsibilities.

Your Retirement Plan Can Help Fill the Gap

Like many workers, you will probably have to rely on your savings and investments to supply much of your retirement income.

Your employer-provided retirement plan offers you a great opportunity to save and invest for your future. You decide how much to contribute to your plan each pay period and how to invest your money. By making regular contributions to your plan and investing in an appropriate mix of stock, bond, and cash equivalent investments, you'll be well on your way to preparing for a more secure future.

Get Ready

Just as you may spend more time in retirement than your parents or grandparents, you may also need more money than they did for their retirement. If you decide you can do more for your future, make the changes soon.

* *Health, United States, 2005*, U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics

** Social Security Administration

Living with
INVESTMENT RISK

Risk is a fact of life. Drive a car, walk across a street, or play sports and there's a chance you might be injured. But that doesn't mean you don't drive, walk, or play. Instead, you cope with risk by using your common sense. It's much the same with investing. While all investments involve some degree of risk, you can take some sensible steps to deal with it.

Diversification is one of the most effective risk control strategies you can use. Here's what you need to know.

How Diversification Works

If you own only one investment, you'll benefit if that investment performs well. On the other hand, if that one investment goes down in value, you'll lose money if you sell it. When you diversify, you spread the risk by spreading your money among several investments. You won't necessarily make a profit on your investments — and you still could lose money in a declining market.

But you'll be better prepared for market ups and downs when your investments are well diversified.

It's Automatic

The funds or portfolios offered by retirement savings plans are diversified by design. Instead of holding just one stock or bond, they hold many. As an investor, you achieve "automatic" diversification simply by investing in the fund or portfolio.

For example, the managers of a stock fund may buy shares (part ownership) in many different companies in various industries. This broad diversification means that poor performance by one company or industry may affect the fund's overall value less than if the fund had invested in only the company or industry that is experiencing problems.

You Can Do Even More

You can further diversify your retirement plan account if you spread your money among funds or portfolios that hold different types of investments. For example, you might choose one or more stock funds, bond funds, and money market funds. You stand to potentially benefit when you own different investment types since the weak performance of one could be offset by the strong performance of another.

Don't Avoid Risk, Manage It

You want your retirement investments to grow. So trying to completely avoid risk can be just as bad as taking on too much risk. Instead, think about using strategies, like diversification, that can help you manage risk while you are building a nest egg for your future.