WINTER 2006

OnTrack

JOHNSON BANK®

Make Some Financial RESOLUTIONS for the NEW YEAR

The start of every year holds the promise of new beginnings — another chance to achieve all those elusive goals. If getting serious about saving for your retirement is one of your goals, the following ideas will get you thinking about resolutions you might want to make this year.

I Will Contribute More

If you haven't increased the amount you contribute to your plan recently, why not resolve to contribute more? Contributing as little as an extra $3 a day may make a big difference in your retirement account balance over time.

Relative Risks of Different Investments

If you have trouble finding extra money to contribute, think outside the box. For example, if you receive a tax refund every year, you could be having too much money withheld from your pay. Instead of letting the IRS use your money, adjust your withholding so you're no longer overpaying*. Then invest at least some of the extra money in your retirement plan.

You may be able to get comparable auto, homeowners, or life insurance coverage at a lower price. Then you can contribute all or part of your savings from these strategies to your retirement plan.

I Will Check My Tolerance for Risk

As a retirement plan investor, you have to decide how much investment risk you want to take. A money market or other "cash equivalent" investment presents very little risk of losing money. However, these investments typically deliver fairly modest returns. To improve your prospects for a financially secure retirement, you want your investments' returns to beat inflation.

Historically, stocks have delivered long-term returns greater than the inflation rate and higher than both money market and bond investment returns. (Past performance doesn't guarantee future results.) However, you should be aware that investment risk is the price you pay for the possibility of earning higher returns. Of the three investment types, stocks carry the greatest risk.

I Will Diversify

Regardless of your risk tolerance, it's generally not wise to invest 100% of your savings in just one investment or asset class. When you spread your money among several different investments in different asset classes, you reduce the risk that your overall portfolio will be dramatically affected if a particular investment or asset class performs poorly.

I Will Act Now

Acting on one or more resolutions like these could greatly improve your long-term financial situation. There's no time like the present to take charge of your financial future.

*Consult a tax advisor to determine an appropriate withholding amount.

Don't *SABOTAGE* Your Retirement!

Are you helping or hindering your chances of a financially secure future? A recent report* identifies some of the ways American workers fail to adequately prepare for retirement. If any of the following apply to you, it's time to rethink your approach to retirement planning.

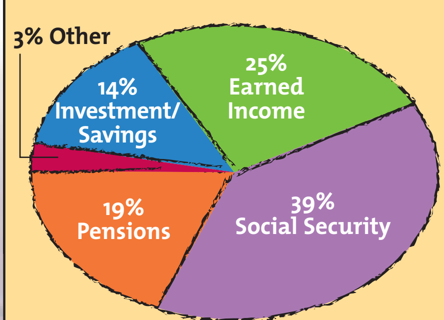
Obstacle: Not understanding the primary sources of retirement income. Social Security isn't enough to provide a comfortable retirement. In 2005, the *average* monthly benefit was $955 for a single person, $1,574 for couples. Retirees will need other income sources.

Solution: The money in your retirement plan will be an important source of your retirement income. Personal investments, home equity, and part-time work are other possible sources of income.

Obstacle: Saving too little. Over half (52%) of workers surveyed in 2005 have less than $25,000 in total savings and investments**.

Solution: Take advantage of your retirement plan. Automatic payroll deduction makes it easier to save. Increase your contribution amount as often as possible, even if it's a small increase. When you have other major expenses, such as buying a house or helping a child pay for college, don't stop saving for retirement.

Sources of Retirement Income



Source: *Federal Interagency Forum on Aging-Related Statistics*

Obstacle: Not understanding investments. Many people are limited by a lack of knowledge about how investments work.

Solution: Learning the basics of investing will help you understand how to make the most of your retirement plan. There may be educational resources available through your plan. Ask your plan administrator.

Obstacle: Failing to factor in inflation. Even a low rate of inflation will mean you'll have to pay more for goods and services in the future than you do now.

Solution: Aim for returns on your plan investments that are greater than the annual inflation rate. And take inflation into account when you estimate the income you'll need during retirement.

It takes only a few steps to begin laying the groundwork for a secure future. Why not start right now?

* *Public Misperceptions About Retirement Security*, LIMRA International Inc., the Society of Actuaries, and Mathew Greenwald & Associates, Inc. 2005.

** *2005 Retirement Confidence Survey*, Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc.