GET TO KNOW YOUR INVESTMENTS

and develop your retirement savings portfolio

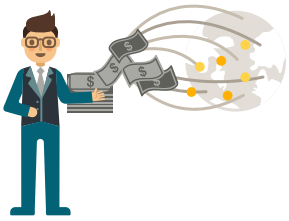
SAGE VIEW

Underneath the broad asset classes of stocks, bonds and cash are a multitide of options for building a diversified portfolio. Learn about some of the most common investment choices and how they can help you fine-tune the mix that's right for you.

STOCKS

Stock funds add potential to grow your assets

Investing in the growth of multiple companies and the economy in general gives you higher return potential than bonds and cash, but also a greater risk of losses. Here are some terms to know:



Market Capitalization (or "market cap") is the size of company a fund targets.
Large-Cap: more established and stable businesses
Mid- and Small-Caps: typically younger, smaller and faster growing firms

Style refers to the type of stocks a fund focuses on.
Value: stocks trading at a discount in relation to their anticipated value
Growth: stocks expected to have high future earnings growth
Core: both value and growth stocks

Sector funds concentrate on investments in one specific segment of the economy, like technology and utilities

Global funds invest in developed countries all over the world, including the United States

International (or "non-U.S.") funds do not include U.S. stocks

Emerging Markets funds invest in countries with developing economies, which tend to be more volatile

BONDS

Bond funds may provide income and/or stability

Higher quality bonds tend to do well when stocks decline, which may help preserve your savings. Bonds also may give you an income stream. Just remember that for corporate bonds, typically a higher yield is associated with lower credit quality -- meaning, there's a greater risk the issuer could default on payments.

Treasuries: issued by the federal government and have a high credit quality

Corporates: issued by public and private businesses with varied credit quality

Inflation-Adjusted: issued by the government and corporations and offer returns adjusted for inflation

Municipals: issued typically by state and city governments; in some cases, income from interest payments is exempt from federal, state and/or local income taxes

MONEY MARKET

Money Market funds give access to cash and help preserve capital

These investments typically hold bonds that mature in less than one year, such as U.S. Treasury bills. Although that offers a low average annual return, it provides more stability of principal as you get closer to withdrawing money from your portfolio.

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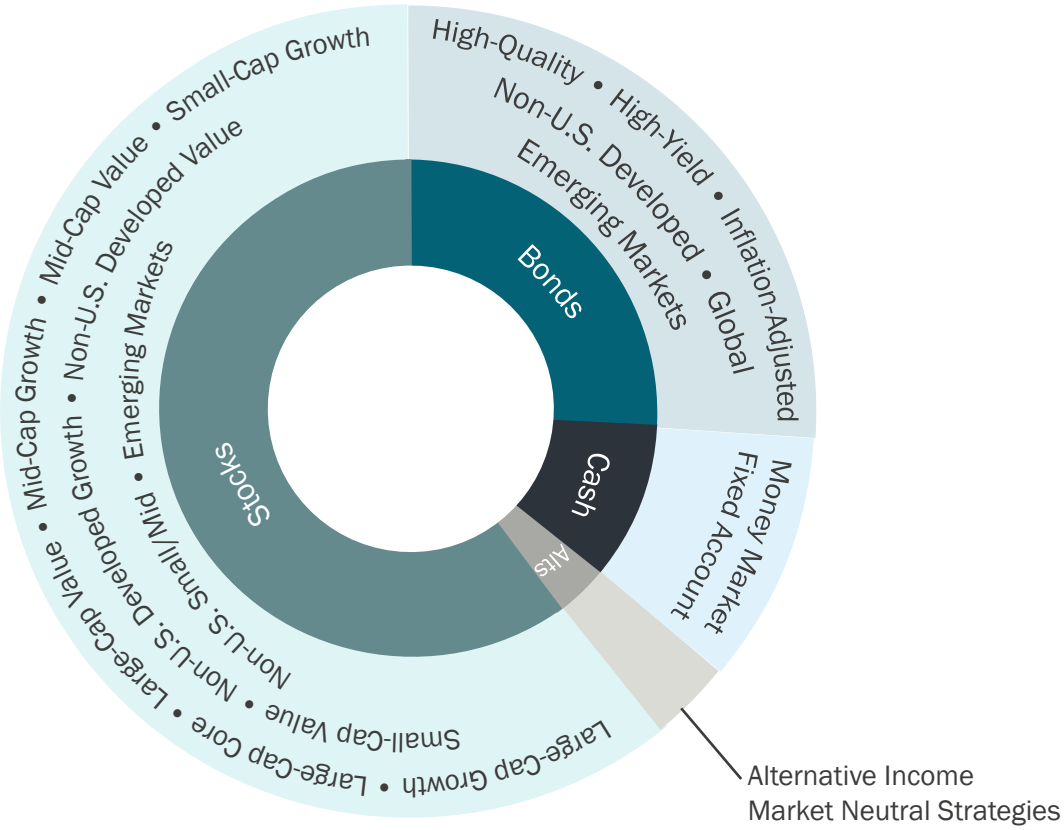
Putting It All Together

The right mix for you should take into account your age, risk tolerance and goals for the future.



Pre-Mixed Options

If assembling a portfolio on your own seems daunting, asset allocation funds -- like target-date funds -- do it for you. You can select one of these professionally managed portfolios based on a target date close to your expected retirement year.

While investing in a target-date fund (TDF) can be convenient, you also should know that not all TDFs are the same. Understanding how to compare them may help you feel more confident about your investment.

SAME GOAL

In general, TDFs are designed to have market risk decrease over time as they approach the target date. The risk relates to how many stocks (versus bonds and money market funds) are in the fund.

The further from the target date, the more stocks in the TDF

The closer to the target date, the fewer stocks in the TDF

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