

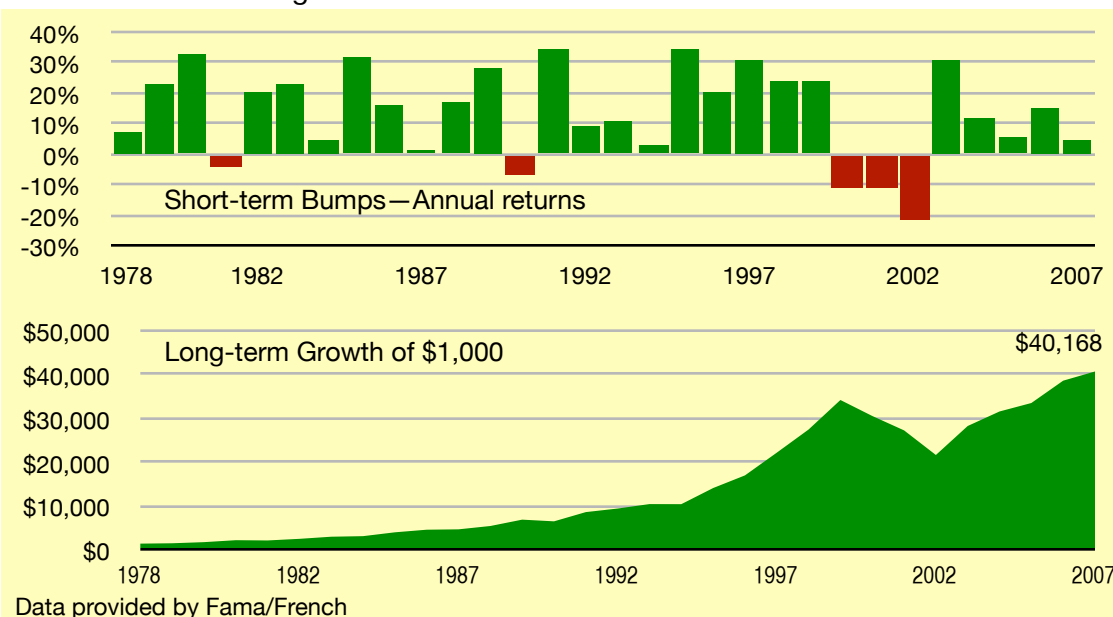
THE RETIREMENT INCOME COMPASS

BECAUSE THERE ARE BIG RISKS ON THE ROAD AHEAD

Navigating Challenge/Compass Advantage

The Challenge of Emotion-Driven Decisions During Stock Market Dips

Annual Returns & Long Term Growth of U.S. Total Stock Market Index



From time to time expect the stock funds in your portfolio to suffer sharp dips. It's during these unnerving periods that your portfolio needs a steady hand at the wheel.

Navigating Challenge

The charts above trace the annual returns of a hypothetical initial investment of \$1,000 in the U.S. Total Stock Market Index since 1977.

- When you look at the 'short-term' bumps chart, you just see the ups and downs in the annual results. This is also what it may feel like to be an investor from day to day.
- Over 30 years the short-term bumps smoothed out to create the upward trend in the 'long-term growth' chart. \$1,000 grew to \$40,168.
- Both charts reflect the same returns; they simply show different perspectives.

Returns in the hypothetical example are based on an initial investment of \$1,000 in the unmanaged U.S. Total Stock Market Index from 1/1/78 to 12/31/07. Results assume reinvestment of dividends, no sales charges, no fees and no taxes. Past results are not necessarily predictive of future results.

Navigation Advantage

We all know the wisdom of 'focus on the long term' but our emotions live in the short term. And emotions can lead to portfolio-stunting decisions. The Navigating advantage of The Compass is an advisor you can trust. On-board as your portfolio navigator, he'll help you tamp down emotions and achieve these results:

- **Maintain Stock Market Exposure.** Your retirement income portfolio needs the growth that only stocks can supply.
- **Stay Diversified.** All stock market asset classes do not move in lock step. It's normal to want to sell losers, often the stocks that will rebound strongest.
- **Rebalance Your Portfolio.** In both good and bad times the valuation of asset classes will get out of sync from target allocation. Systematically adding to losing asset classes and selling some winners is the best way to 'buy low and sell high.'

Why Investors Fail:

Emotion-Driven Decisions

The two most powerful forces that drive decisions on Wall Street are emotional: fear and greed. Think about this the next time you listen to a commentator explaining what's happening in the stock market. You'll hear echoes of fear and greed over and over.

Fear is why so many investors bail out of carefully planned investment strategies when things look bleak. Investors sell stocks and stock funds en masse when prices are down and falling; that reduces their potential for growth.

—from Paul Merriman's
*Live It Up without
Outliving Your Money!*
For your own complimentary
copy of the book, just ask.

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What to know...
and how to go

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