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FINANCIAL*ink*

Your Money Management Newsletter

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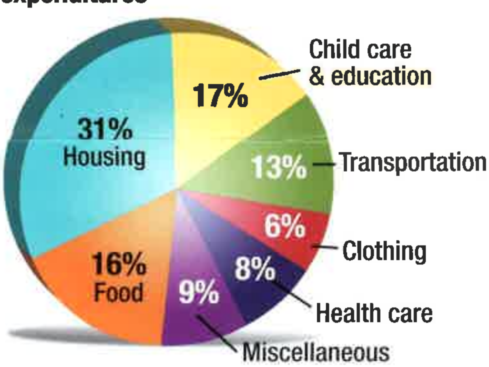
*Snap*SHOTS

RAISING A CHILD

The cost to raise a child (born in 2009) through age 17 is estimated at $286,050 for a middle-income family.

Breakdown of child-rearing expenditures



Source: U.S. Department of Agriculture, 2010

Up FRONT

70%

Percentage of workers who say they are behind schedule in planning and saving for retirement.

Source: Employee Benefit Research Institute, 2011

Quick HITS

Six in ten Americans have changed their driving or spending behaviors in response to higher gas prices.[1]

Average wages rose by 6.6% between 2007 and 2010. Inflation totaled about 5.2% over the same period.[2]

China's GDP is projected to grow at a 9.6% average annual rate in 2011 and 2012, compared with 2.8% for the United States.[3]

Eleven million households with children under 18 have no life insurance coverage.[4]

One-third of U.S. households have both an IRA and an employer-sponsored retirement plan.[5]

Sources:
1) American Institute of Certified Public Accountants, 2011
2) *U.S. News & World Report,* April 21, 2011
3) International Monetary Fund, 2011
4) LIMRA, 2010
5) Investment Company Institute, 2011

Practical insights for your **FINANCIAL GOALS**

INVESTING *in the World*

Even though the United States is the world's largest economy, it produces less than 20% of global gross domestic product (GDP).[1] More than half of all companies in the world have headquarters outside the United States.[2]

Many foreign countries are either in the midst of impressive growth or poised for growth in the near future. For example, in 2011 and 2012, when U.S. GDP is expected to grow at a 2.8% average annual rate, China's economy is projected to grow at a 9.6% annual rate and India's economy is expected to grow at an 8% rate.[3]

Mutual funds that invest internationally offer one way to pursue investment returns abroad. These funds are typically based in the United States but seek investment opportunities in foreign companies, offering the ability to pursue growth in other economies without having to leave home.

CONSIDER THE RISKS AND REWARDS

Like domestic mutual funds, international funds enable investors to focus on various industry sectors and asset types. However, international funds also offer the flexibility to focus on groups of countries by location or level of economic development. For example, a fund may offer investments in companies located in developed countries or emerging economies.

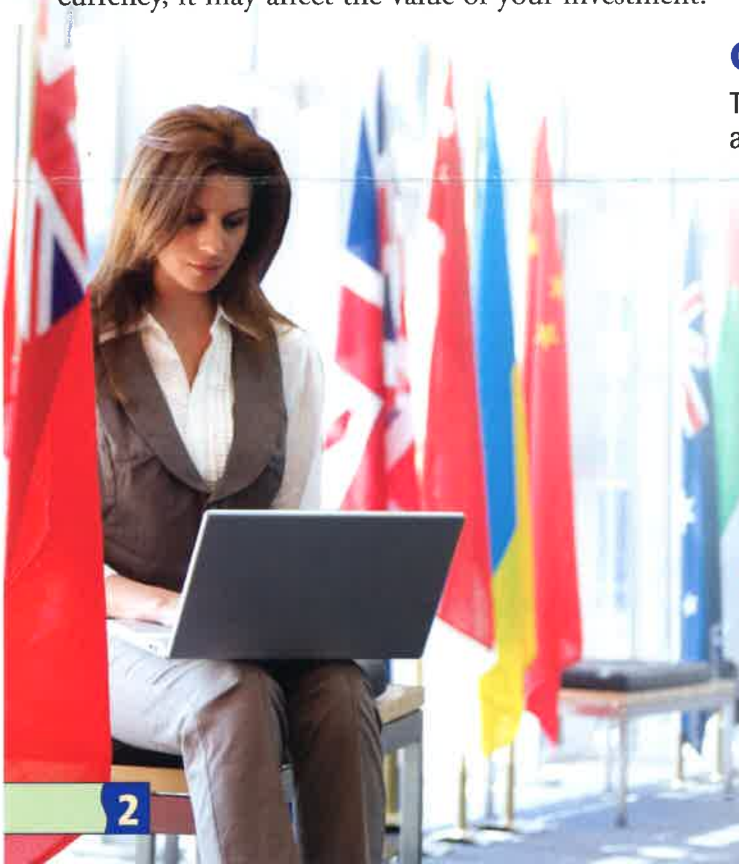
International investing carries several risks, including currency exchange fluctuations, differences in financial reporting, and greater potential for political instability. If the value of the dollar rises or falls against a foreign currency, it may affect the value of your investment. Political demonstrations, contested elections, terrorist attacks, civil wars — even rumors of such events — can also affect the investment climate.

Emerging economies may offer impressive growth potential, but their securities can be substantially more volatile and less liquid than securities of companies in more developed countries. The performance of funds with investments in multiple foreign countries could be affected by the unique political and economic conditions in each country. The return and principal value of mutual funds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Because of the unique risks, international investing is not for everyone. A decision to pursue investments in other nations should begin with a thorough review of your risk tolerance and personal situation.

1) *CIA World Factbook*, 2010
2) *USA Today*, January 6, 2010
3) International Monetary Fund, 2011



Growing Economies

The top five economies in projected average annual GDP growth in 2011 and 2012, compared with projected annual growth in the United States.

Ways to **SAVE MORE**

About two out of three American workers are saving for retirement, but less than half are confident that they will have enough money to live comfortably throughout their retirement years.[1] However, even those who are confident may not have realistic expectations.

Consider that a $250,000 account earning a 5% annual return could provide an income of about $1,000 per month (without dipping into principal). Yet only 10% of workers have savings of $250,000 or more.[2]

Saving for retirement might seem daunting, but you may be able to increase the amount you are saving without making huge sacrifices. Taking some small steps today might make a big difference when you are ready to retire.

Save an extra 1% of your salary each year. Raising your retirement contribution in small increments may not have much effect on your take-home pay, but the long-term results could be significant (see chart). The IRS sets annual contribution limits for retirement plans, but the amount you can actually contribute will depend on your plan's rules.

Give your retirement a raise. The next time you receive a pay increase, try to divert part or all of it toward your long-term financial goals. Recall the last time you received a raise and how quickly the extra money was absorbed by your spending. You might find it easier to save a raise if you don't allow yourself to spend the extra money.

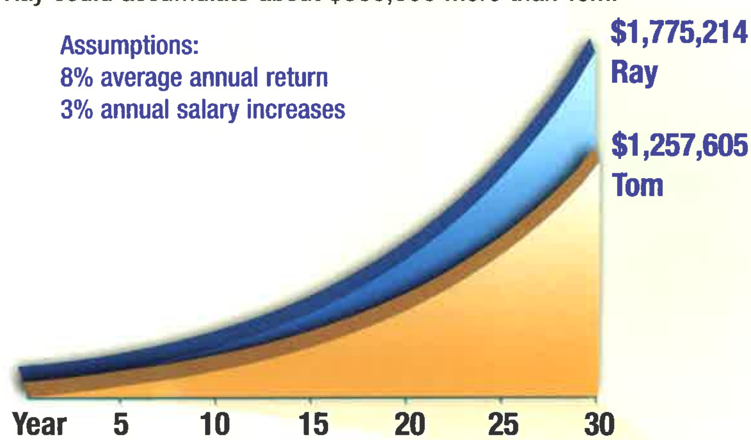
Make payments to yourself. When you pay off a debt, such as a car loan or a credit-card balance, consider pretending that you still owe the monthly payment — to yourself. Because the payment is already built into your budget, this could be a simple way to make additional progress toward your long-term goals.

Avoid credit-card debt. Some forms of debt, such as mortgages and auto loans, may be necessary for your basic lifestyle. The same usually cannot be said of credit-card debt. Before you put a major purchase on your credit card — one that you may not be able to repay in full when you receive the next statement — consider that the expense is likely to *increase* the amount of time it could take to reach your retirement goals.

Cut out a small expense. Life's little pleasures — coffee drinks, bottled water, eating in restaurants — are important, but you might be surprised by their true cost. For example, saving $5 per day would equal $150 per month. If this amount were contributed to an account earning an 8% annual return, the balance could reach more than $140,000 after 25 years.

One Step at a Time

Tom and Ray are hired for jobs that pay $75,000 a year. In the first year, they both contribute 10% of their incomes to their retirement accounts. In succeeding years, Ray raises his contribution by 1% (so he is contributing 11% in the second year, 12% in the third year, and so on) until he is contributing 15% of his income. Tom keeps his contribution at 10%. After 30 years, Ray could accumulate about $500,000 more than Tom.



This hypothetical example is used for illustrative purposes only and does not represent the performance of any specific investment; it assumes a monthly deferral of salary and monthly compounding of earnings. Fees, expenses, and taxes are not considered and would reduce the performance shown if they were included. Actual results will vary.

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If you don't have a lot of money to devote to your long-term financial goals, you may have an equally important asset: time for your savings to grow. Finding small ways to save more today could help you enjoy a more comfortable lifestyle in retirement.

1–2) Employee Benefit Research Institute, 2011

What **HIGH UNEMPLOYMENT** *Means to the Recovery*

The country's high unemployment rate might cause some investors to become discouraged about the progress of the economic recovery, but it's not unusual for employment to be slow to recover from a recession. Based on the pattern of other recessions, the slow descent of the unemployment rate may confirm that a recovery is in progress.

LAGGING INDICATOR

The unemployment rate is considered to be a *lagging* indicator because it typically trails changes in economic output. Although lagging indicators are not helpful for forecasts, they may help confirm economic trends.

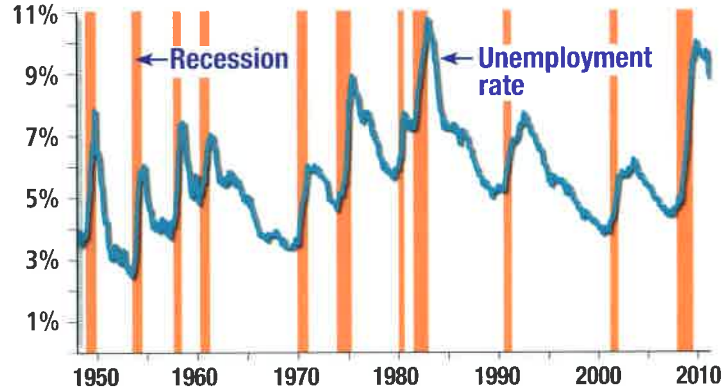
In the 10 recessions from 1948 through 2001, it took six to 43 months after the recession officially ended for private-sector employment to return to peak levels.[1] The unemployment rate typically takes even longer to fall, and in some cases unemployment never reaches pre-recession levels (see chart).[2]

CAUTIOUS PAYROLL DECISIONS

Although unemployment typically rises during a recession, employers often look for other cuts before trimming payrolls. Hiring and training new employees is expensive, so laying off experienced employees can negatively affect the bottom line. Many employers also avoid layoffs as long as possible out of concern for employee welfare. On the other hand, employers may be hesitant to rehire until they feel confident that the recovery is strong enough to support higher payrolls.

The unemployment rate can reveal important clues about the U.S. economy. Although it may be helpful to keep an eye on employment, your investment decisions should be based on your personal circumstances, time horizon, and risk tolerance.

On the Heels of Recession



Source: Haver Analytics, 2011 (U.S. unemployment rate, seasonally adjusted, January 1948 to March 2011); National Bureau of Economic Research, 2011 (U.S. business cycle contractions, 1948–2011)

1) Economic Policy Institute, 2009
2) Haver Analytics, 2011

Are you interested in investment opportunities that may be available overseas? We can help you explore potential ways to expand your portfolio into international markets.

Working toward a better financial future,