



Educated Investor

A magazine from M&I for retirement plan participants. Volume 13, Issue 2, 2011



Life stages, Life stories

Saving strategies
for all the stages
of your life

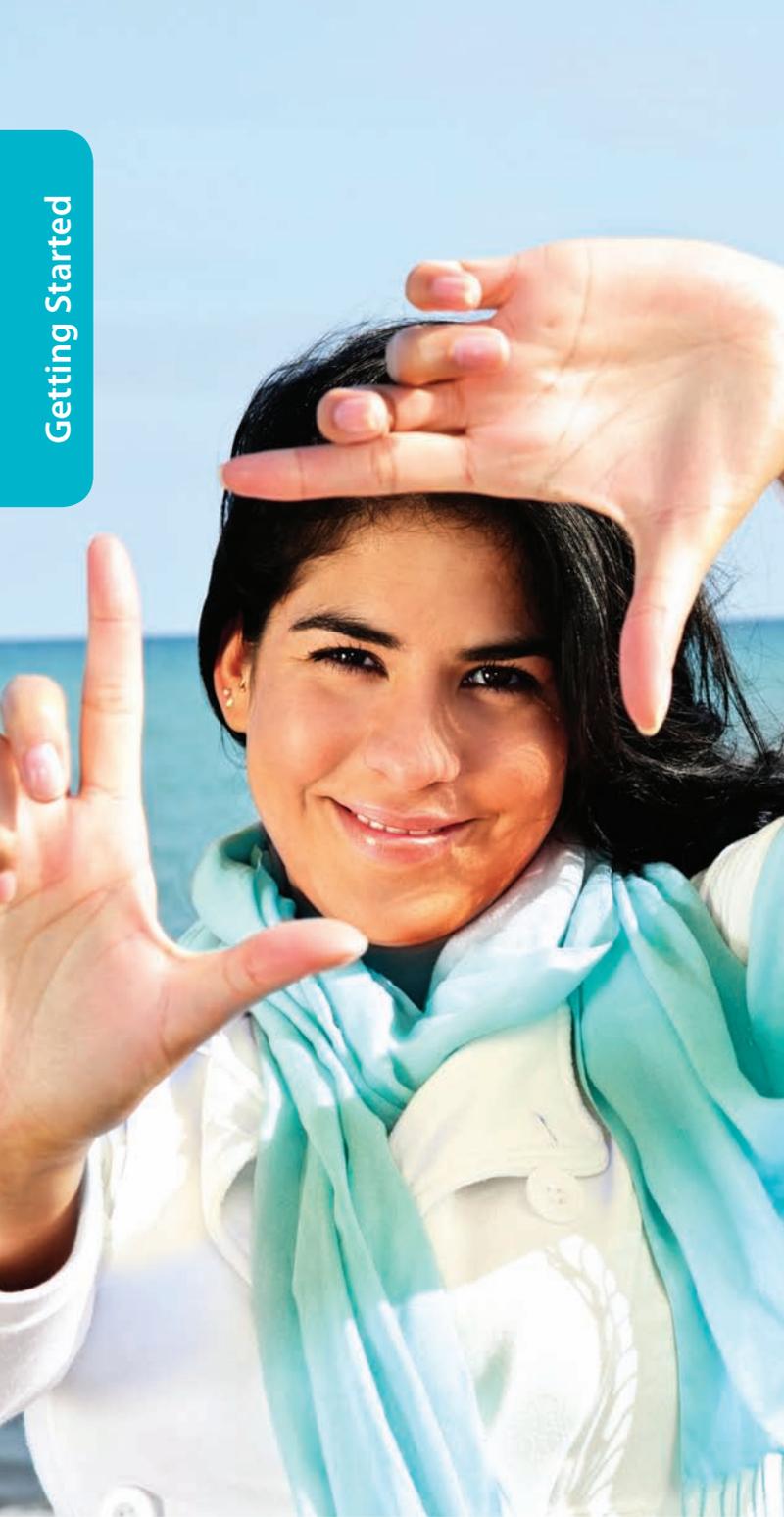
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and online at
miretirement.com



Wherever you are. Wherever you are going.



Time—Your Greatest Ally

Committing to do something today that benefits us tomorrow is challenging no matter what age we are. As young working adults, the resolution to build our financial future may seem less immediate than do concerns about success in personal and career endeavors. Coupled with college debt, starting a family or other financial obligations, it may be difficult to understand the significance of why we begin saving and investing today, for financial needs tomorrow.

Honoring Your Life Stage

Life-stage decisions such as finding a job, starting a relationship or pursuing personal dreams can seem enormous. Getting it “right” is important. But no matter how right we want our decisions to be, uncertainty is a given at every stage of life. Humans don’t like uncertainty because it triggers fear. We want to be in control of decisions and outcomes. We also don’t want to feel regret. There can be so much distress in making a mistake that important decisions are postponed or avoided so we won’t have to feel what psychologists call “pain of regret” if we are wrong.

However, you won’t go wrong by starting to save as early as possible, because time is on your side!

Embracing Where You Are

It’s true that younger generations are at greater risk of not having enough saved at retirement due to living longer, and to changing medical costs and Social Security benefits. In fact, younger generations need to save more than ever before.

Analysis from the research firm Aon Hewitt estimates that in order to retire at age 65, Generation Y workers (ages 18 to 30) will need to save 18.7 times their final pay in resources (including Social Security, employer provided retirement plans and employee savings) to maintain their current standard of living and Generation X workers (ages 31 to 45) must save 16.1 times their final pay.¹

M&I has joined the BMO family

M&I Retirement Plan Services is now a part of BMO Financial Group.*

What this transition means for you.

The acquisition of Marshall & Ilsley Corporation (M&I) by BMO Financial Group was completed on July 5, 2011. We’re excited about the financial strength and new opportunities this combined organization will bring to you.

*Bank of Montreal and its affiliates are known as BMO Financial Group.

Please be assured there are no changes to your retirement plan as a result of this transition, and there’s nothing you need to do. The assets you’ve accumulated in your employer-sponsored plan remain safe and are unaffected by the transaction. All assets continue to be held in trust with Marshall and Ilsley Trust Company N.A. for your sole benefit.

Together, BMO Financial Group and M&I share a deep history and commitment — to our clients and to providing consistent, exceptional service. As we grow and expand, you will continue to receive the same high level of quality service you’ve come to expect from your entire M&I Retirement Plan Services team.

As always, we look forward to continuing to serve you.

Life Stages, Life Stories

It can be a stretch to fully put into context how much you will need for retirement. As a starting point, it might be simpler to put it into the context of food. Assuming two people eat three meals a day, at \$5 per meal, for 365 days, for 20 years, you will need *\$219,000 in retirement just to eat!*

Money saved today can have a huge impact on your finances in the long term. Due to compounding (the chance to reinvest your returns), even small amounts of money saved and invested can reap big dividends. For example, \$100 saved or invested each month at an 8 percent rate of return would be worth \$150,030 in 30 years², almost enough to fund your retirement food bill! To see if you're on track to meeting your savings goals, go to miretirement.com. There you'll find an easy-to-use **Savings Planner Calculator** that will help you determine if you're saving enough to meet your retirement income needs.



Take Action

Take advantage of your employer's 401(k) plan. The benefits of participating in a 401(k) plan include matching contributions, if offered by your employer, tax advantages and a variety of investment options. But the amount you contribute to the plan is a significant variable in determining *the savings you'll have at retirement*.

Commit to getting it right:

- **Save as much as you can** – Even a small increase in your contribution percentage will make a big difference over time.
- **Maximize your employer's matching contribution** – Take full advantage of any employer match. When offered, it's like "free" money.
- **Increase your contribution annually** – Increase your contributions consistently every year, if possible. ■

¹New Analysis From Aon Hewitt Paints Rocky Retirement Picture for Younger Workers, Aon Hewitt, December 12, 2010.

²Longo, Tracey, *Investing for the First Time*, CliffsNotes, 2008.

Our lives change every day, in small ways we barely notice and in big ways that require us to change plans and perspectives.

We do our best to prepare for events that are likely to occur at every stage of our life. We plan our finances, establish credit, save to buy a home, pay for college, take a vacation or buy a car — and most importantly, we save for retirement.

This issue of *Educated Investor* looks at the different stages of our lives, the changes that may occur, and how saving money and planning for retirement can be affected by those changes.

Whether you're just starting out in your life and your career, moving forward with family and your job, or looking forward to retirement, every stage of your life gives you the opportunity to plan and save for retirement. The articles in this issue of *Educated Investor* will give you some thought-provoking information about how the different paths we take in our lives can influence the way we plan, use and relate to the money we earn, spend and save.

One constant throughout these stages is participating in your employer-sponsored retirement plan. Whatever your life stories, your plan can help you save for a better future.

Wherever you are, wherever you are going, your retirement plan will help you get there.



Healthy, **Wealthy** and Wise



The desire to create and be productive through family, work and other endeavors is contained within our DNA. The need to shape our life's vision is creative power awaiting action. Many of us not only want to satisfy the internal desire to create, but also leave a legacy for future generations. The longing to be productive and to make a contribution is best accomplished through life balance.

Honoring Your Life Stage

Our 30s and 40s are ripe with a heightened awareness of the need to maintain and nurture both work and family. However, if we focus on both these areas with the necessary intensity, our personal health and well-being might easily fall to the bottom of our to-do list. The lack of balance creates a situation in which our energy is laser-focused on work and family. This leaves us with no energy left over for anything else, let alone exercise, eating right or simply clearing our mind. Lack of self-care can place long-term goals and objectives at risk, ultimately sacrificing the contribution we wish to make for the betterment of ourselves and others.

Without balance, we place our personal well-being at risk, which also means we place our financial health at risk. A 2008 study conducted by the Society of Actuaries concluded that health status is important to financial status, retirement planning and retirement success. "Those with good health tended to eliminate debt, maximize savings and work longer. Health status is important to retirement success, as good health significantly lowers the need to deplete savings."¹ The bottom line is that physical health greatly affects financial health!

Embracing Where You Are

Maintaining balance is not always easy. Everyone gets stressed out sometimes. Work and family demands pull from every direction and uncertainty surrounding financial issues can cause tremendous stress. Richard Rahe, a stress researcher, found that decreased income was *more stressful* than being held in jail!

Recent economic events have also created a greater sense of urgency to plan and address financial issues.

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Six key components of a financial plan that can help you stay on track:

1. Identify your goals and risk tolerance — the basis of your financial plan.
2. Gather information on all your assets and liabilities.
3. Develop a plan to bridge where you are and where you are going.
4. Determine the solutions and investments you'll need to get you where you want to go.
5. Implement your plan by making the adjustments to your current holdings.
6. Monitor your portfolio and make adjustments over time, as circumstances change.

According to the Towers Watson Retirement Attitudes Survey 2010, 61 percent of younger and mid-career workers (those who are more than 20 years from retirement) expect to save significantly more to achieve a comfortable level of income in retirement. Thirty-four percent of employees are increasing their monthly savings and 63 percent of employees are reviewing their financial situation.²

Take Action

Invest in yourself, your family and your financial future by putting a plan in place today. Commit to moving your health to the top of your to-do list. Make decisions to support your well-being by maintaining life balance, and make sure you put a financial plan in place. If you need assistance with your financial plan, you can seek the professional help of a financial advisor. ■

¹The Financial Well-Being of American Retirees, Society of Actuaries, 2008.

²Retirement Attitudes Survey 2010, Towers Watson, May/June 2010.

Visit the Video Library to See What Your Retirement Savings Plan

Can Do For You



Visit the new Video Library at **miretirement.com** for helpful information on how to successfully save for your retirement. No matter where you are in your life, your company-sponsored retirement plan is a critical part of planning for the future you want.

Located in the Learning Center, the Video Library offers brief tips for getting the most from your company-sponsored retirement plan. Currently, there are three videos that focus on different aspects of saving for retirement.

Seven Things You May Not Have Known About Your Company's Retirement Plan

Did you know that you direct your investments in your company-sponsored retirement plan? Within the parameters of the investments your company offers, you decide how to allocate your contribution. That's one of the seven things you'll learn about in this video.

Can You Afford Not to Participate?

You can't afford not to participate in your company-sponsored retirement plan, and this video highlights five reasons why, including the tax benefits: Your contribution to your retirement savings plan is pre-tax dollars. Watch and find out how participating in your company-sponsored retirement plan will help you set sail for retirement.

How Much Do You Need to Save for Retirement?

If you think about saving for retirement as a road trip, how much you need to save depends on where you are going and how long you have to get there. This video will give you some new perspectives on the importance of saving now for the retirement you want tomorrow.

At M&I, we're ready to help with any of your financial needs.

ACCESS your retirement plan account online at **miretirement.com**

- View your account balances and activity
- View your personal rate of return
- View investment performance and price information
- Access tools and calculators
- View account statements and request forms

USE the Mi Retirement Line (automated telephone system) by calling **1-800-858-3829**, option 1

- Receive your account balance
- Receive investment performance and price information
- Request account statements and forms

SPEAK to an M&I Retirement Services Specialist 24 hours a day by calling **1-800-858-3829**, option 2

CONTACT an M&I Distribution and Retirement Planning Specialist at **1-800-770-5741** for financial planning or rollover assistance.

We invite your comments and suggestions for topics to include in future issues. Please write to: **Educated Investor, 111 East Kilbourn Avenue, MC-3-WM, Milwaukee, WI 53202** or send e-mail to: **educatedinv@micorp.com**

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Your Personal Half-Time

What if the Gallup organization were to call and ask about your quality of life? How would you rate your emotional health, work environment, physical energy, stress level and overall well-being? Gallup did conduct a poll and found individuals ages 45 to 64 were among the highest percentage of people who said they felt most sad the previous day.¹ Feelings and emotions are symptomatic of change, and for many, mid-life is the peak of major life change.

Honoring Your Life Stage

In the early 20th century, the average lifespan was only 30 to 45 years of age. Today, that has doubled. On average, women in the United States live to age 80, while men live to age 75.² Because we're living longer, the 50s are very important. This period marks a shift in psyche from a single-minded focus on accumulating family, assets and accomplishments. The reality is that what once provided the foundation for financial, physical and emotional stability is changing.

Suddenly, we find ourselves in the throes of a major life transition from where we spent the majority of our adult life. Our focus on work, children, parents, health and earnings potential begins to shift, in addition to the likely stress of increased care giving. Some of these changes may bring excitement, freedom and relief, while other changes may bring deep emptiness, loss or dread. It's possible to recalibrate emotionally by embracing where we are in life.

Embracing Where You Are

Change is easier when we embrace both where we are and where we have been. It's possible that things may not have turned out the way we had wished or envisioned. It is normal to experience doubt, reflection and even regret. Acceptance of where we are serves as the "reset" button. Think of 50 as being your personal half-time or intermission! Re-commit to former dreams



or entertain new beginnings. Consider bridging your career, adopting a hobby, or exploring adventures and service to others. The changes we experience in mid-life are transformational. The second half holds the potential to be even more inspirational and rewarding than the first!

Take Action

Foundational change requires personal and financial re-assessment. A recent survey found that 38 percent of employees aged 50 and older were increasing their monthly savings. And 27 percent were adopting less risky investment strategies, while 9 percent were adopting a more risky investment strategy in the next 12 months.³ As markets, time horizon and circumstances change, our tolerance for risk will also change, so it's important to revisit our investment strategy annually. ■

¹Gallup-Healthways Well-Being Index, 2010.

²United Nations List of Countries by Life Expectancy, 2005-2010.

³Towers-Watson Retirement Attitudes Survey 2010, May/June 2010.

Visit miretirement.com and use the following calculators to help you assess whether you're on course to meet your retirement goals.

- **Asset Allocation Planner** - This is an easy way to quickly assess your risk tolerance. Your answers are translated into model portfolios that help to gauge if your current asset allocation is on target.
- **Savings Planner** - There is nothing like a wake-up call to determine if you are saving enough. This tool will help you understand if you are on track, or if you need to save more, spend less or allocate your investments in a different manner.
- **Retirement Budget Estimate** - Re-assessing your savings plan is important, but may be meaningless if you don't know your expected retirement expenses.

Reflections on Your Success

Feeling fulfilled is the key to quality of life in retirement. Yet, fulfillment isn't simply a matter of doing things that provide meaning or satisfaction, it is also influenced by regrets about the past. The degree of success we felt about our life *before retirement* helps determine the degree of fulfillment experienced *within retirement*.

Honoring Your Life Stage

"The lack of attention to future money needs, looks and health, as well as positioning oneself properly for elder years, are top boomer regrets," says Nancy Schlossberg, professor emerita at the University of Maryland.¹ The oldest boomers are turning 65 in 2011, and according to a 2010 American Association of Retired Persons (AARP) survey, 54 percent have already retired.²

Whether you are a baby boomer or older retiree, it is natural to be retrospective about personal tragedies and triumphs, successes and failures, dreams, goals, education, marriage, family, finances, health, and working too hard or too little in the years prior to retirement. The reality is that as life unfolds, people, events and circumstances are constantly changing—

before and during retirement! Change is challenging. Change brings uncertainty. However, 75-year-old William Safire, the 2006 Presidential Medal of Freedom winner, summed it up well with these words of wisdom: "When you're through changing, you're through."

To increase your odds of feeling fulfilled in retirement, consider challenging and changing how you think and feel about your level of personal success preretirement!



Embracing Where You Are

We often define success based upon professional, financial or personal achievements. We can also define success as *accepting and learning from our own life experiences*. You decide which is more beneficial; judging your life based upon opinions of what is or isn't "successful," or adopting the

perspective that it took both success and failure to give meaning to who you are today. Looking back, you may have been disappointed, wishing things had turned out differently. But deeming aspects of our life as "failures" may carry bitterness into retirement, creating a situation where you not only retire from work, but also from life.

Success is *learning* from our failures and celebrating our victories. Choosing to define success as the knowledge garnered from accepting our unique life experiences paves the way for authentic wisdom. *Developing your authentic wisdom, given your unique life experience, is true success!*

Take Action

Releasing regrets from the past frees up energy for the present. To experience fulfillment in retirement, redefine your definition of success. Do things that provide meaning, and make sure you don't outlive your money! Things do change. ■

¹"Regrets? Boomers have a few..." USA Today, March 22, 2011.

²Approaching 65: A Survey of Baby Boomers Turning 65 Years Old, AARP, December 2010.

Re-evaluate where you stand using the "**Making Your Money Last**" checklist found on miretirement.com.

- ✓ **Estimate your expenses** such as lifestyles, needs and medical costs.
- ✓ **Assess your income sources**, including Social Security, pensions or retirement accounts and other investments. Do you need to work part-time?
- ✓ **Identify your final goal**, whether it is to leave a legacy or enjoy all your savings.
- ✓ **Follow a safe withdrawal rate** of no more than 4 percent to 5 percent of your savings in the first year of retirement and keeping pace with inflation after that.
- ✓ **Combine growth and income** by investing in bonds, cash and stocks.
- ✓ **Withdraw first from taxable accounts**, letting tax-deferred and tax-free accounts grow.
- ✓ **Avoid penalties** by following all the tax rules.
- ✓ **Monitor and reassess** your asset allocation and withdrawals as required.



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M&I Partner: Techne Corporation

Techne Corporation is a holding company with two operating subsidiaries: Research & Diagnostic (R&D) Systems, Inc. and R&D Systems Europe Ltd. It has more than 650 employees in its Hematology and Biotechnology Divisions. The Hematology Division develops and manufactures hematology controls used in hospitals and clinical laboratories to check the accuracy of blood analysis instruments. The Biotechnology Division is a leading supplier of cell biology reagents used in both basic and clinical research.

It is Techne's mission to provide the life science community with the highest quality tools to help in understanding biological processes that may lead to the diagnosis and cure of disease.

It is a priority for R&D to provide for the financial well-being of its employees. For the past 10 years, M&I has aided this effort by providing comprehensive administration, employee education, and investment advisory services for the company's 401(k), Profit Sharing and Stock Bonus programs.



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