on track

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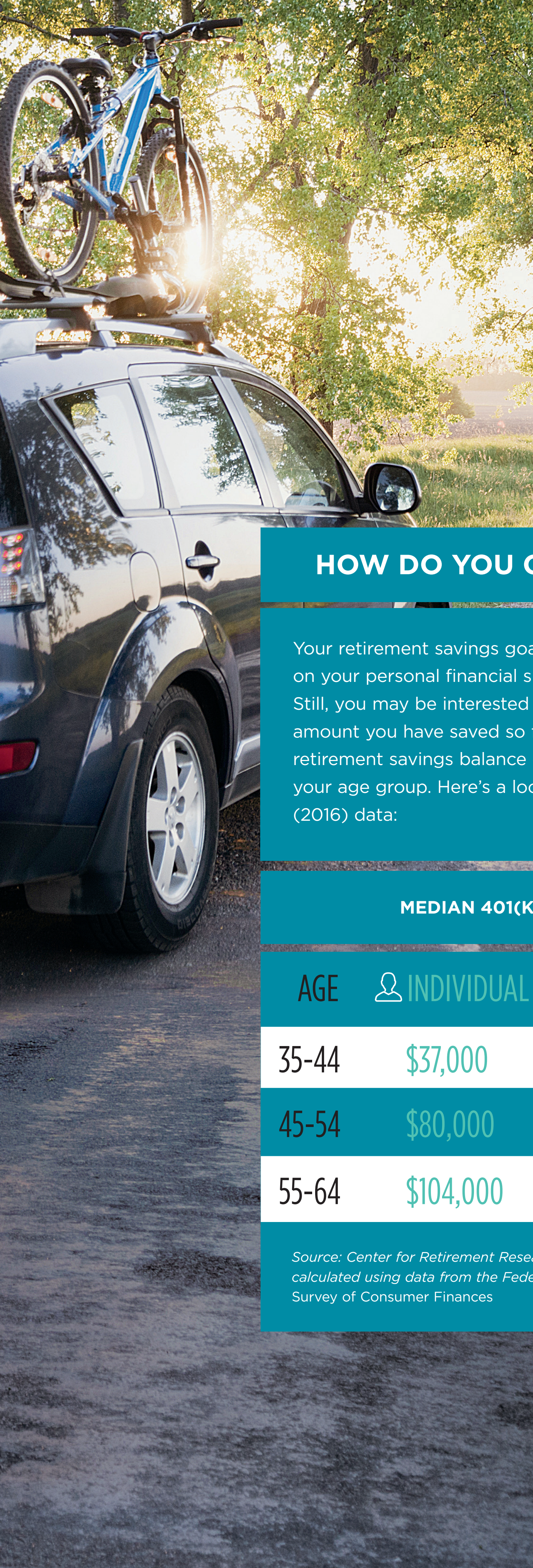
Learn from These Common Investing Mistakes

1. Selling in a Panic
When investment values decline significantly, it's natural to feel concern. But selling in a panic can turn *paper* losses into *real* losses. Instead, investors who won't need their retirement savings for many years might consider sticking with their long-term plan and giving their portfolio time to recover.

2. Investing Too Conservatively
Fear of losses sometimes causes participants to invest so conservatively that they risk not earning sufficient returns to stay ahead of inflation. Although they can be volatile, including at least some growth-oriented investments, such as stocks, in an investment mix may help participants meet their goals.

3. Forgetting to Rebalance
"Asset allocation" refers to how a portfolio is split among the major asset classes — stocks, bonds, and cash investments. Over time, performance differences can cause a portfolio's asset allocation — and its risk exposure — to change. By rebalancing investments periodically, participants can maintain their long-term investment strategy.



Turbocharge Your Retirement Plan

If you've been letting your retirement account idle on the side of the road, it's time to take the wheel and get going. Here are four simple strategies to power up your plan:

HOW DO YOU COMPARE?

Your retirement savings goal should be based on your personal financial situation and needs. Still, you may be interested to compare the amount you have saved so far with the median retirement savings balance of other people in your age group. Here's a look at some recent (2016) data:

MEDIAN 401(K)/IRA BALANCES

AGE	INDIVIDUAL	HOUSEHOLD
35-44	$37,000	$40,000
45-54	$80,000	$97,000
55-64	$104,000	$135,000

Source: Center for Retirement Research at Boston College, calculated using data from the Federal Reserve's 2016 Survey of Consumer Finances

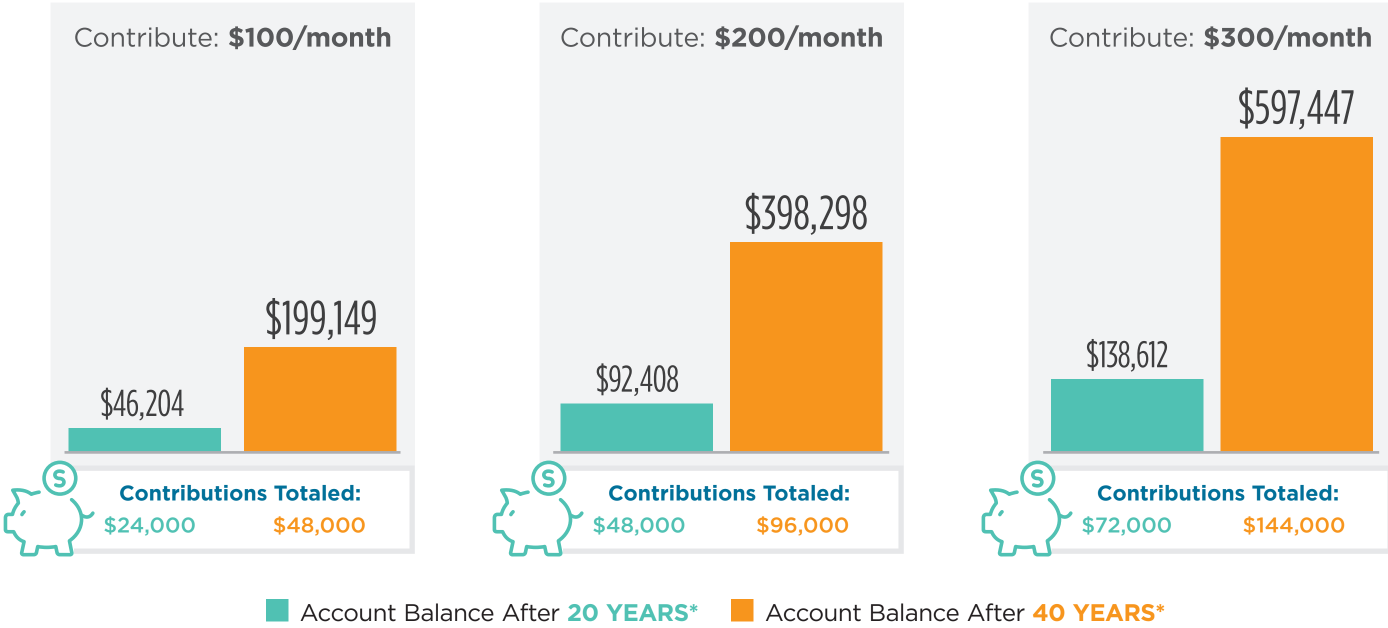
Set a contribution goal. Even if you can't do it all at once, aim to increase your contribution level gradually over time. For example, you might consider raising your contribution rate by one percentage point a year until you hit your goal.

Capture the match. Check to see whether your plan offers employer matching contributions (not all plans do). If it does, find out how much you need to contribute to take full advantage of the match. Matching contributions are like "free money" that can give your savings an extra boost.

Catch up. Many plans allow participants to make additional "catch-up" contributions to their plan accounts starting in the year they reach age 50. If your plan includes this feature, it can be a good opportunity to put more money aside for your retirement.

Stay invested. Your plan may let you borrow from your account during your working years or withdraw money if you experience a financial hardship. While it's nice to know the money is there if you need it, remember that you're saving for retirement. If at all possible, avoid taking money out of your account for other reasons.

THE POWER OF COMPOUNDING



* Amounts shown are before taxes. Distributions of pretax contributions and earnings on those contributions will be subject to income tax.

These are hypothetical results involving a retirement plan participant making the monthly pretax contribution indicated for the specified time periods and earning a 6% average annual total return, compounded monthly. These results are not representative of any specific investment. Your investment returns will differ, and your contribution amount is not likely to remain the same over an extended period. *Source: DST Systems, Inc.*

You and Your Savings — Is Something Holding You Back?

It's one thing to know you should be making a real effort to save enough money for retirement, and it's another to actually do it. In a recent study,* researchers looked at the relationship between how much people save and two personal biases that could be holding them back.

Today Thinking

Called "present bias," this is the tendency to procrastinate on decisions that could benefit you in the long run but require you to give up something in the short term. Saving for your future involves a short-term cost in that you have less money to spend now. The researchers found that individuals who do not have this bias had 19% more in savings than those who do.

Not Perceiving the Power of Compounding

This bias can also wreak havoc on people's savings. Compounding is what happens when the money you save is invested and earns a return. That money is then reinvested, giving you a chance to earn a return on your earnings, as well as on the initial amount you invested. Over time, compounded earnings can really boost your savings. According to the study, people who appreciate the power of compounding have about 20% more saved than those who do not.

The researchers found that most people have one or both of these biases. Working to overcome them could help you be more proactive when it comes to retirement saving.

* Gopi Shah Goda, Matthew Levy, Colleen Flaherty Manchester, Aaron Sojourner, Joshua Tasoff, "The Role of Time Preferences and Exponential-Growth Bias in Retirement Savings," NBER Working Paper No. 21482, 2015

Is Your Home a Retirement Asset?

After years of making mortgage payments and tending to repairs and improvements, you may have a large investment in your residence by the time you retire. Maybe you're planning to finance your retirement with some of that investment. But before you count home equity as part of your retirement savings, ask your-self a few questions.

1 HOW MUCH EQUITY ARE YOU LIKELY TO HAVE?

You can estimate this amount by subtracting how much you'll still owe on your mortgage and home equity loans when you retire from how much you expect your house to be worth.

2 WILL YOU WANT TO SELL YOUR HOME?

There are basically two ways you can turn home equity into cash for your retirement: sell your home or take a reverse mortgage. In general, your most practical option will be selling, so think about whether you'll be willing to go that route when the time comes.

3 HOW MUCH WILL A NEW HOME COST?

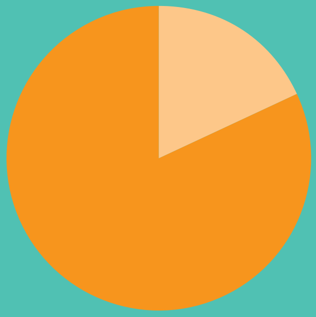
You'll need a place to live after you sell your home. Renting is one option. But, if you'd rather own your home, you'll have to buy another property. So the next step is to think about where you want to live and how much you'll have to pay to buy a home there.

WHAT'S THE BOTTOM LINE?

To add anything to your retirement savings, the new home you buy will have to cost less than the amount of equity you unlock when you sell your old home.

THE WEALTH OF AMERICAN HOUSEHOLDS

$189,900: MEDIAN VALUE OF ASSETS OWNED IN 2016



- Financial assets, including savings and investment accounts: **$23,500**
- Non-financial assets, including primary residence, vehicles, and business equity: **$158,900**

For many Americans, their primary home constitutes the greatest part of their financial holdings. However, relying on your home's value to support most of your anticipated retirement expenses may not be the best move. It may make more sense to build up your retirement nest egg by adding to your retirement savings plans.

Source: Federal Reserve Bulletin, Vol. 103, No. 3, September 2017